

Submitted 11/3/2025

Revised 12/10/2025

Revised 01/30/2026 (Revisions from previous version are highlighted)

## Introduction

The Texas Health and Human Services Commission (HHSC) uses the Year 1 award amount of \$281,319,361 million to formulate a revised budget for Years 1 to 5. This is an increase from the \$200 million per year originally proposed during the application period.

HHSC acknowledges the funding policies and limitations in the Notice of Funding Opportunity CMS-RHT-26-001 and the Notice of Award RHTCMS332068-01-00. HHSC also certifies that Rural Health Transformation (RHT) Program funding will not be used to supplant existing State, local, tribal, or private funding of infrastructure or services, such as staff salaries.

Below is a summary of the budget proposal, including the yearly allocation to each of the initiatives described in the Project Narrative.

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

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

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

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

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

## Implementation Funding

### (Personnel) Salaries and Wages

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

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

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

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

**Table 3. Salaries and Estimated Hire Date**

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

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Primary Role	Position Title	Annual Salary	Time	Estimated Hire Date	Estimated Months	Total Amount Requested
Initiatives 2,3,5	Information Technology Business Analyst III	\$114,099	100%	4/1/2026	55	\$522,954
Procurement Support/Contract Management	Contract Administration Manager I	\$129,430	100%	3/2/2026	56	\$604,007
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement/Contract Support	Attorney IV	\$156,612	100%	3/2/2026	56	\$730,856
Procurement/Contract Support	Attorney IV	\$156,612	100%	3/2/2026	56	\$730,856
Procurement Support	Contract Administration Manager I	\$129,430	100%	3/2/2026	56	\$604,007
Initiative 4	Program Specialist VII	\$114,099	100%	4/1/2026	55	\$522,954
Initiative 6	Grant Specialist V	\$114,099	100%	4/1/2026	55	\$522,954
Procurement Support/Contract Management	Portfolio Project Manager I	\$172,272	100%	3/2/2026	56	\$803,936
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625

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Primary Role	Position Title	Annual Salary	Time	Estimated Hire Date	Estimated Months	Total Amount Requested
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	3/2/2026	56	\$497,625
Procurement/ Contract Support	Attorney IV	\$156,612	100%	3/2/2026	56	\$730,856
Initiatives 2,3,5 Support	Program Manager IV	\$129,430	100%	4/1/2026	55	\$593,221
Initiatives 2,3,5 Support	Program Manager IV	\$129,430	100%	4/1/2026	55	\$593,221
Initiatives 2,3,5 Support	Information Technology Business Analyst III	\$142,374	100%	4/1/2026	55	\$652,548
<b>Total</b>	-	-	-	-	-	<b>\$17,804,300</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:

**Table 4. Fringe Breakdown**

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

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

**Table 5. Salary and Fringe Benefits by Year**

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

### Travel

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 travel budget in Table 6 assumes the following trips:

- Year 1: Four rural Texas regions will be visited by three program staff.
- Years 2-5: Six rural Texas regions will be visited by three program staff.

In addition to the above rural area visits, the Program Director and two additional staff will travel to attend the annual Rural Health Summit.

**Table 6. Travel**

Trip	Item	Additional Details	Year 1	Year 2	Year 3	Year 4	Year 5
Regional Trips: Stakeholder Engagement and Monitoring	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	\$1,893	\$1,893	\$1,893	\$1,893
	Fuel	18 mpg at \$2.50/gallon.	\$230	\$357	\$357	\$357	\$357

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

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Trip	Item	Additional Details	Year 1	Year 2	Year 3	Year 4	Year 5
	Airfare	3 people	\$2,118	\$3,618	\$3,618	\$3,618	\$3,618
	Ground Transportation	Uber/taxi/public transportation allowance of \$25/trip to and from home airport for 3 people	\$300	\$450	\$450	\$450	\$450
	Lodging		\$3,960	\$5,940	\$5,940	\$5,940	\$5,940
	Tax		\$515	\$772	\$772	\$772	\$772
	Per Diem	Corrected to 4 Days/3 Nights	\$2,544	\$3,816	\$3,816	\$3,816	\$3,816
<b>In-State Subtotal</b>			<b>\$10,932</b>	<b>\$16,846</b>	<b>\$16,846</b>	<b>\$16,846</b>	<b>\$16,846</b>
<b>Annual Trip to Rural Health Summit in Baltimore, Maryland</b>	Air Travel to Baltimore Maryland from Austin, Texas	\$930 roundtrip/person for 3 people utilizing the GSA City Pairs Program since dates of travel are unknown	\$2,790	\$2,790	\$2,790	\$2,790	\$2,790
	Ground Transportation	Uber/taxi/public transportation allowance of \$25/trip to and from home airport for 3 people* and Uber/taxi/public transportation allowance of \$50/day for 3 days for 3 people*	\$600	\$600	\$600	\$600	\$600
	Lodging in Baltimore Maryland	Utilizing GSA rates for Baltimore, Maryland 2 nights for 3 people at \$150/night for a total of \$900 plus \$117 in hotel tax.	\$900	\$900	\$900	\$900	\$900
	Lodging Tax	Utilizing GSA rates for Baltimore, Maryland 2 nights for 3 people at \$150/night for a total of \$900 plus \$117 in hotel tax.	\$117	\$117	\$117	\$117	\$117
	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 3 people	\$645	\$645	\$645	\$645	\$645
<b>Out-of-State Subtotal</b>			<b>\$5,052</b>	<b>\$5,052</b>	<b>\$5,052</b>	<b>\$5,052</b>	<b>\$5,052</b>
<b>Total Travel</b>			<b>\$15,984</b>	<b>\$21,898</b>	<b>\$21,898</b>	<b>\$21,898</b>	<b>\$21,898</b>

In-state-travel uses anticipated locations in six regions across Texas. These locations are outlined in more detail in Tables 8, 9, and 10. 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)

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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.

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.

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**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. Travel costs per person for Year 1 total \$5,328, corrected to reflect in-state travel for 4 days and 3 nights. In-state and out-of-state travel costs for three people total \$15,984 in Year 1.

**Table 8. Year 1 In-State and Out-of-State Travel Detail per Person**

Destination	Panhandle	West Texas	East Texas	South Texas	Annual Conference
	Flying to Amarillo and driving to Perryton, Texas (4 days, 3 nights)	Flying to Midland and driving to Andrews, Texas (4 days, 3 nights)	Driving from Austin to Bonham, Texas (4 days, 3 nights)	Driving from Austin to Kenedy, Texas (4 days, 3 nights)	CMS Rural Health Summit in Baltimore, Maryland (3 days, 2 nights)
<b>Travel Category</b>					
Car Rental	\$111	\$117	\$97	\$97	\$0
Car Rental Fuel	\$16	\$8	\$37	\$15	\$0
Air Travel	\$488	\$218	\$0	\$0	\$930
Ground Transportation to and from Airport and out-of-state allowance	\$50	\$50	\$0	\$0	\$200
Lodging	\$330	\$330	\$330	\$330	\$300
Lodging Tax	\$43	\$43	\$43	\$43	\$39
Per Diem	\$212	\$212	\$212	\$212	\$215
<b>Total Travel cost per person, Year 1</b>	<b>\$1,250</b>	<b>\$978</b>	<b>\$719</b>	<b>\$697</b>	<b>\$1,684</b>
<b>Miles*</b>	345.4	180.4	793	334	0

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

Using the rates in Table 7, Table 9 shows a breakdown of the travel costs (per person) by travel category and the total cost per person for each planned trip in each year of Years 2-5. Travel costs per person in each year of program Years 2-5 total \$7,299 dollars, corrected to reflect in-

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state travel for 4 days and 3 nights. In-state and Out-of-State travel costs for three people total \$21,898 for each year of program Years 2-5.

**Table 9. Years 2-5 In-State and Out-of-State Travel Detail per person, per program year**

Destination	Panhandle	North Texas	East Texas	South Texas	West Texas	Central – Gulf Texas	Annual Conference
	Flying to Amarillo & driving to proposed location (4 days, 3 nights)	Flying to Dallas & driving to proposed location (4 days, 3 nights)	Driving to proposed location (4 days, 3 nights)	Driving to proposed location (4 days, 3 nights)	Flying to Midland & driving to proposed location (4 days, 3 nights)	Driving to proposed location (4 days, 3 nights)	CMS Rural Health Summit in Baltimore, Maryland (3 days, 2 nights)
<b>Travel Category</b>							
Car Rental	\$111	\$111	\$97	\$97	\$117	\$97	\$0
Car Rental Fuel	\$16	\$23	\$37	\$15	\$8	\$20	\$0
Air Travel	\$488	\$500	\$0	\$0	\$218	\$0	\$930
Ground Transportation to and from Airport and out-of-state allowance	\$50	\$50	\$0	\$0	\$50	\$0	\$200
Lodging	\$330	\$330	\$330	\$330	\$330	\$330	\$300
Lodging Tax	\$43	\$43	\$43	\$43	\$43	\$43	\$39
Per Diem	\$212	\$212	\$212	\$212	\$212	\$212	\$215
<b>Total Travel cost per person, per program year</b>	<b>\$1,250</b>	<b>\$1,269</b>	<b>\$719</b>	<b>\$697</b>	<b>\$978</b>	<b>\$702</b>	<b>\$1,684</b>
<b>Miles*</b>	345.4	495	793	334	180.4	423	0

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

Table 10 shows a list of proposed locations by program year. 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.

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**Table 10. Proposed Locations**

Regions	Year 1	Year 2	Year 3	Year 4	Year 5
Panhandle	Perrytown, TX	Childress, TX	Canadian, TX	Dalhart, TX	Tahoka, TX
North		Jacksboro, TX	Sweetwater, TX	Electra, TX	Colorado City, TX
West	Andrews, TX	Big Spring, TX	Van Horn, TX	Pecos, TX	Rankin, TX
East	Bonham, TX	Lufkin, TX	Mount Pleasant, TX	Sulphur Spring, TX	Carthage, TX
Central-Gulf		Mexia, TX	Llano, TX	Marlin, TX	Lampasas, TX
South	Kenedy, TX	Del Rio, TX	Refugio, TX	Port Lavaca, TX	Uvalde, 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 updates to the total award amount and the table below provides additional detail on the different components of each award, which might require different procurement processes. Additional information on these updates have also been included in the updated Project Narrative.

More information is provided below on the anticipated consultant, subrecipient and contractual costs for Budget Period 1.

In Budget Period 1, HHSC intends to initiate the following agreements:

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

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- 1 initiative-based interagency contract (IAC) for \$304,083 for 5.0 FTEs for the Community Health Worker (CHW) Program. This includes 3.0 Program Specialist IIs and 2.0 Program Specialist Vs. This program manages the policy framework and rules for the training and certification of CHW. FTEs will prioritize requests from rural areas to ensure there is sufficient training to increase the number of mid-level practitioners and allied health professionals in rural areas for the implementation of Initiative 4: The Next Generation of the Small Town Doctor and Team. Future costs are estimated in Table 11.
- 1 initiative-based IAC for \$20 million for the acquisition of 10 Advanced Medical Buses (AMBUS), related to Initiative 6. AMBUSs are highly mobile and flexible assets well suited to meet the needs of rural areas during emergencies and disasters. Each AMBUS is hosted, staffed, and maintained by local EMS/Fire Department members. An increase in the number of Emergency Medical Task Force AMBUSs will result in greater geographical coverage, significant reductions in response times, and improved support meeting the emergency and disaster medical needs of rural Texans.
- 1 administrative-based IAC for \$115,875 in Year 1 for Behavioral Risk Factor Surveillance System (BRFSS) oversampling in rural communities to ensure Texas can generate valid estimates from survey responses for outcome measure monitoring. The DSHS Community Assessment Team reviewed the details BRFSS sampling for the RHTP outcome measure planning and recommended the oversampling strategy below to ensure the agency can generate valid estimates from the survey responses for the questions used for the outcome measures. Future costs are estimated in Table 11.
- Subawards for Initiative 6: Infrastructure and Capital Investments for Rural Texas totaling \$4,438,836 million for rural healthcare providers. Award amounts will vary depending on the application process.
- HHSC will also contract with an external monitor to conduct an audit readiness assessment to proactively identify and address any potential compliance issues or gaps in controls of the subrecipients for a total of \$1,900,000. 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 has assumed the Year 1 award amount of \$281,319,361 in Years 2-5 and provides the following updates based on this amount. HHSC acknowledges that this amount and the proposed uses of spending are subject to change for Years 2-5. Adjustments to the budget in future years will be submitted to CMS for approval, as directed. In Years 2-5, HHSC will award a total of \$183,524,850 in subawards for Initiative 1. This will include both continued funding for the estimated 80 direct awards and an estimated 65 competitive subrecipient agreements.

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

In Years 2-5, HHSC will award a total of \$329,748,298 in subawards for Initiative 4. This has been updated to include two parts: one award that is open to all providers to apply for and one

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that is focused on behavioral health providers. HHSC plans to conduct a singular request for application process to complete both parts, but with the second allocation serving as a targeted amount for awards. An interagency agreement with the state Board of Nursing will be executed in Year 2 for information technology upgrades.

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

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

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

**Table 11. Consultant, Subrecipient, and Contractual Costs**

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

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

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

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

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

### Indirect Costs

As a public assistance administering agency, Subpart E of 45 CFR Part 95 requires HHSC to submit and have approved a Public Assistance Cost Allocation Plan (PACAP). Allocable costs are assigned to "Cost Objectives" based on allocation methodologies outlined in HHSC's PACAP in accordance with Subpart E of 2 CFR Part 200. The amount included under indirect costs is a projection of the allocated cost for agency administration based on approved allocation methodologies.

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

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

**Table 12. Indirect Costs and Administrative Costs by Year**

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