

Rural Health Transformation Program Update

March 9, 2026



ILLINOIS
RURAL HEALTH TRANSFORMATION



HFS
Illinois Department of
Healthcare and Family Services

OUR VISION FOR THE FUTURE

We improve lives.

- ▶ We address social and structural determinants of health.
- ▶ We empower customers to maximize their health and well being.
- ▶ We provide consistent, responsive service to our colleagues and customers.
- ▶ We make equity the foundation of everything we do.

This is possible because:

- ▶ **We value our staff
as our greatest asset.**

We do this by:

Fully staffing a diverse workforce whose skills and experiences strengthen HFS.

Ensuring all staff and systems work together.

Maintaining a positive workplace where strong teams contribute, grow and stay.

Providing exceptional training programs that develop and support all employees.

- ▶ **We are always
improving.**

We do this by:

Having specific and measurable goals and using analytics to improve outcomes.

Using technology and interagency collaboration to maximize efficiency and impact.

Learning from successes and failures.

- ▶ **We inspire
public confidence.**

We do this by:

Using research and analytics to drive policy and shape legislative initiatives.

Clearly communicating the impacts of our work.

Being responsible stewards of public resources.

Staying focused on our goals.



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This presentation is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling \$193,418,216.21 with 100 percent funded by CMS/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.



Agenda

- RHT Overview
 - What is RHT
 - IL RHT summary of initiatives
 - Funding timeline
- Initiative Details
- Next steps



RHT Overview



What is the Rural Health Transformation Program?

- The RHT Program was authorized under Section 71401 of Public Law 119-21
- Created a five-year, \$50 billion program fund - \$10 billion per year
- Intent is to empower states to strengthen rural communities across the country by improving healthcare access, quality, and outcomes by transforming the healthcare delivery ecosystem

Timeline Checklist

- ✓ **Jul 4, 2025** – HR 1 Signed
- ✓ **Sep 15, 2025** – NOFO Released
- ✓ **Nov 5, 2025** – Application Submitted
- ✓ **Dec 29, 2025** – Awards Announced
- ✓ **Jan 30, 2026** – Budget Amendment Submitted
- ✓ **Feb 25, 2026** – Funding Restriction Lifted

Illinois Rural Health Transformation (RHT) Program

- Illinois was awarded **\$193.4 million** for the first year of the five-year initiative.
- Award amounts for years 2 – 5 are tentative and will be impacted by the state's performance in the program.
- HFS is actively drafting NOFOs, making plans to distribute the first year of funds, and working towards standing up its governance structure.

IL RHT Goals



Transform Rural Healthcare



Overcome Geographic Barriers to Care



Build a Resilient Workforce



Federal Program Design Parameters

States were required to propose initiatives that align with CMS's 5 strategic goals:

Make rural America healthy again: Use evidence-based programs to expand preventive, chronic, behavioral, and prenatal care.

Sustainable access: Help rural facilities partner, streamline operations, and remain reliable hubs for primary, specialty, and emergency services.

Workforce development: Recruit, retain, and broaden the roles of clinicians and allied professionals serving rural communities.

Innovative care: Test innovative care and payment models that coordinate services, cut costs, and shift care to lower-cost settings.

Tech innovation: Provide secure telehealth, data-sharing, and emerging digital tools to enhance rural care delivery.

Illinois' RHT program includes investments in the following areas:

- Prevention and chronic disease
- Provider payments
- Consumer tech solutions
- Training and technical assistance
- Workforce
- IT advances
- Appropriate care availability
- Behavioral health
- Innovative care
- Fostering collaboration
- Capital expenditures and infrastructure

Illinois RHT Initiative Overview

3 Goals



Transform Rural Healthcare



Overcome Geographic Barriers to Care



Build a Resilient Workforce

8 Initiatives

1.A. Hospital Transformation
1.B. Community Care Infrastructure
1.C. Hospital Disease Prevention
2.A. EMS and Mobile Healthcare
2.B. Technical innovation for Virtual Care
3.A. Healthcare Workforce Expansion
3.B. Training Healthcare Support Workers
3.C. Rural Health Education Pipeline

12 Funding Strategies

Hospital Transformation Grants
Healthcare Transformation Collaborative (HTC) Expansion
Hospital Technical Assistance
Team-Based Care Grants for Primary Care and Behavioral Health Providers
Primary Care and Behavioral Health Technical Assistance
Disease Prevention Grants to Hospitals
EMS Enhancement Grants to Resource Hospitals
Mobile Health Infrastructure Funds to Primary Care and Behavioral Health Providers
Investment in Technological Infrastructure for Rural Providers
Expansion of Incentives and Training Programs for Clinical Professionals
Expansion of Training and Certification Programs for Healthcare Support Workers
Expansion of Area Health Education Center (AHEC) Career Pathways Programming

RHT Funding Timeline

Year	2026	2027	2028	2029	2030	2031
1	12/29/25 - 10/30/26 12/29/25 - 09/30/27					
2		10/31/26 - 10/30/27 10/31/26 - 09/30/28				
3			10/31/27 - 10/30/28 10/31/27 - 09/30/29			
4				10/31/28 - 10/30/29 10/31/28 - 09/30/30		
5					10/31/29 - 10/30/30 10/31/29 - 09/30/31	

 Budget Period
 Spending Period

Notes

- HFS submitted annual budgets in the RHT application; HFS had to a revised budget in January reflecting the awarded amount for Y1
- CMS lifted fund restriction on February 25, 2025
- Funds must be obligated before the end of the budget period (i.e., 10/30/26 for Y1)
- Funds may be spent through the end of the fiscal year (i.e., 9/30/27 for Y1)



Initiative Overview and Details

1. Transforming Rural Healthcare



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Hospital Transformation Grants

Purpose

Reshape and right size hospital service delivery to better align with community needs and test value-based payment models that are better suited to assure the long-term financial viability of rural hospitals.

Sub-Awardees

- None

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
\$25M	\$44M	\$52M	\$48M	\$48M

Grant Recipients

- Year 1: Planning grants for hospitals (non-competitive)
- Years 2 – 5: Selected hospitals to invest in care transformation, right size service lines, and implement VBP models (competitive)

**Years 2-5 contingent on CMS approval of ongoing funds*



Healthcare Transformation Collaborative Expansion

Purpose

Scale models that have demonstrated initial success in improving access, quality, health outcomes, and/or cost effectiveness – particularly in counties across central, southern, and eastern Illinois.

Sub-Awardees

- Carle Health
- Egyptian Health Department and their participating hospitals
- OSF Healthcare
- SIHF Healthcare

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
\$8M	\$8M	\$8M	\$8M	\$8M

Grant Recipients

- N/A

**Years 2-5 contingent on CMS approval of ongoing funds*



Hospital Technical Assistance

Purpose

Facilitate the development of regionally tailored and data-driven transformation plans to help hospital transformation grantees identify community needs, conduct any additional community and provider-capacity needs assessment, and provide hands-on practice facilitation to support the transition to new operating models.

Sub-Awardees

- Office of Medicaid Innovation (OMI)

**Preliminary
Funding
Amounts***

Year 1	Year 2	Year 3	Year 4	Year 5
\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M

**Grant
Recipients**

- N/A

**Years 2-5 contingent on CMS approval of ongoing funds*



Team-Based Care Grants for Primary Care and Behavioral Health Providers

Purpose

Targeted funding to rural primary care and behavioral health providers to develop the infrastructure, staffing, and workflows necessary for implementing integrated models of care. Deploy and test team-based models of integrated healthcare, such as the collaborative care model.

Sub-Awardees

- Illinois Primary Health Care Association (IPHCA)
- Community Behavioral Health Association (CBHA)

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
IPHCA: \$12.5M CBHA: \$7.5M	IPHCA: \$12.5M CBHA: \$7.5M	IPHCA: \$12.5M CBHA: \$7.5M	IPHCA: \$8M CBHA: \$8M	IPHCA: \$8M CBHA: \$8M

Grant Recipients

- Rural primary care providers
- Rural community behavioral health providers

**Years 2-5 contingent on CMS approval of ongoing funds*



Primary Care and Behavioral Health Technical Assistance

Purpose

Funding is provided to the Office of Medicaid Innovation within the University of Illinois System, to support primary care and behavioral health care practices in their transition to integrated care teams and value-based payment models.

Sub-Awardees

- Office of Medicaid Innovation (OMI)

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M

Grant Recipients

- None

**Years 2-5 contingent on CMS approval of ongoing funds*



Disease Prevention Grants for Hospitals

Purpose

Funds for hospitals to provide evidence-based chronic disease prevention programming through the development of classes, curriculum, materials, and other interventions. Programs may include: diabetes prevention, mental health first aid, nutrition and physical activity programs, chronic disease self-management, and tobacco cessation

Sub-Awardees

- Illinois Critical Access Hospital Network (ICAHN)

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
\$14M	\$16M	\$16M	\$16M	\$16M

Grant Recipients

- Rural hospitals that provide chronic disease management programming

* contingent on CMS approval of ongoing funds



2. Overcoming Geographic Barriers to Care



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EMS Enhancement Grants to Resource Hospitals

Purpose Targeted funding to support EMS Resource Hospitals by building critical infrastructure to support greater use of mobile health services.

Sub-Awardees

- Illinois Department of Public Health (IDPH)

Preliminary Funding Amounts*	Year 1	Year 2	Year 3	Year 4	Year 5
	Capital: \$13M Training: \$3.5M	Capital: \$10M Training: \$3.5M	Capital: \$10M Training: \$3.5M	Capital: \$10M Training: \$3.5M	Capital: \$10M Training: \$3.5M

Grant Recipients

- Resource Hospitals serving rural patients

**Years 2-5 contingent on CMS approval of ongoing funds*



Mobile Health Infrastructure Funds to Primary Care and Behavioral Health Providers

Purpose

Targeted funding will be used to invest in mobile health infrastructure, staffing, technology, and data systems to deploy new and reinforce existing mobile health clinics and mobile crisis units.

Sub-Awardees

- Illinois Primary Health Care Association (IPHCA)
- Community Behavioral Health Association (CBHA)

Preliminary Funding Amounts*

Year 1	Year 2	Year 3	Year 4	Year 5
IPHCA: \$9M CBHA: \$9M	IPHCA: \$5M CBHA: \$5M	IPHCA: \$3M CBHA: \$3M	IPHCA: \$3M CBHA: \$3M	IPHCA: \$3M CBHA: \$3M

Grant Recipients

- Rural primary care providers
- Rural community behavioral health providers

**Years 2-5 contingent on CMS approval of ongoing funds*



Investment in Technological Infrastructure for Rural Providers

Purpose

Invest in technology interventions to bring specialty care to those high-need rural populations through technology solutions, rather than transporting individuals out of their communities. This initiative will support technological innovation through the Illinois Connected Care Collaborative (IC3) initiative, which uses technology and collaboration to advance access, quality, outcomes, and cost efficiency.

Sub-Awardees

- Illinois Critical Access Hospital Network (ICAHN)

Preliminary Funding Amounts* †

Year 1	Year 2	Year 3	Year 4	Year 5
\$40.2M	\$31M	\$21M	\$21M	\$21M

Grant Recipients

- Rural hospitals, rural health clinics, FQHCs, pharmacies, and clinicians serving rural Illinois.

**Years 2-5 contingent on CMS approval of ongoing funds*

† funding amounts are rounded

3. Building a Resilient Workforce



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Expansion of Incentives and Training Programs for Clinical Professionals

Purpose	HFS will provide funds to state universities, community colleges, and hospitals to expand workforce programs to attract and retain health professionals, including physicians, advanced practitioners, and allied professionals.				
Sub-Awardees	- Illinois Critical Access Hospital Network (ICAHN) - Illinois State University System - Illinois Community College Board (ICCB)				
Preliminary Funding Amounts*	Year 1	Year 2	Year 3	Year 4	Year 5
	ICAHN: \$5M Universities: \$14M ICCB: \$10M	ICAHN: \$5M Universities: \$15M ICCB: \$10M	ICAHN: \$5M Universities: \$15M ICCB: \$10M	ICAHN: \$5M Universities: \$15M ICCB: \$10M	ICAHN: \$5M Universities: \$15M ICCB: \$10M
Grant Recipients	State universities; community colleges; hospitals				

**Years 2-5 contingent on CMS approval of ongoing funds*



Expansion of Training and Certification Programs for Healthcare Support Workers

Purpose	This initiative will strengthen rural healthcare by expanding and establishing new training and certification programs tailored to local needs. Programs will focus on development of healthcare support workers.				
Sub-Awardees	- University of Illinois (UIC) - Illinois Community College Board (ICCB)				
Preliminary Funding Amounts*	Year 1	Year 2	Year 3	Year 4	Year 5
	ICCB: \$8.0M UIC: \$3.0M	ICCB: \$8.0M UIC: \$3.0M	ICCB: \$8.0M UIC: \$3.0M	ICCB: \$8.0M UIC: \$3.0M	ICCB: \$8.0M UIC: \$3.0M
Grant Recipients	- Community Colleges and - Community-based training programs				

**Years 2-5 contingent on CMS approval of ongoing funds*



Expansion of Area Health Education Center (AHEC) Career Pathways Programming

Purpose Expansion of career pathways and workforce development programs for rural high school students through the UIC Area Health Education Center (AHEC). Funding will be directed to UIC AHEC to expand programming, leveraging the existing AHEC framework at the regional centers.

Sub-Awardees

- University of Illinois College of Medicine (UIC) Area Health Education Center (AHEC)

Preliminary Funding Amounts*	Year 1	Year 2	Year 3	Year 4	Year 5
	\$4.5M	\$4.5M	\$4.5M	\$4.5M	\$4.5M

Grant Recipients

- UIC-AHEC's regional centers with a specific focus on supporting rural communities

**Years 2-5 contingent on CMS approval of ongoing funds*



Next Steps

CY2026 Program Goals

Category	Initiative		Target Date
1. Transforming Rural Healthcare Delivery	Hospital Transformation (1A)	Issue hospital planning grant NOFO	Q3
		Award 4 rural HTC's as subrecipients	Q1
	Community Care Infrastructure (1B)	Release funding opportunities and select primary care and behavioral health providers	Q3-Q4
	Hospital Disease Prevention (1C)	Award hospitals based on formula-driven approach	Q3
2. Overcoming Geographic Barriers to Care	EMS and Mobile Healthcare (2A)	Award resource hospitals	Q2
		Release funding opportunities and select primary care and behavioral health providers	Q3-Q4
	Technological Innovation for Virtual Care (2B)	Award funds to hospitals	Q4
3. Building a Resilient Rural Workforce	Healthcare Workforce Expansion (3A)	Award funds to selected programs	Q3
	Training Healthcare Support Workers (3B)	Award funds to selected programs	Q3
	Rural Health Education Pipeline (3C)	Begin program expansion	Q2



Next Steps

- Launch workforce initiatives stakeholder engagement process to define targets for workforce funding – *March 2026*
- Initiate governance structure to include monthly partner meetings and Rural Health Advisory Workgroup – *March/April 2026*
- Make initial funding awards – HTC's, AHEC at UIC – *April 2026*
- Facilitate awards to key program partners including ICAHN, IPHCA, CBHA – *May 2026*
- Develop standards for issuing grant awards for Hospital Transformation funding and make awards – *July/August 2026*