

# State of Alaska Department of Health

Rural Health Transformation Program Overview  
Senate Finance Subcommittee

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Heidi Hedberg, Commissioner

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# Rural Health Transformation Program (RHTP) Basics



The RHTP is a one-time, five-year, \$50 billion federal initiative to catalyze rural health care delivery transformation and improve access and health outcomes across the country



Alaska submitted application for funding in November 2025



The Centers for Medicare and Medicaid Services (CMS) awarded Alaska **\$272 million** to allocate between January and October 2026

# Cooperation between CMS and DOH



***“The Recipient must use funds for the purposes stated in the [Notice of Funding Opportunity] and the purposes approved by CMS in the approved application.” – RHTP Notice of Award***

All RHTP funding must be reviewed and approved by CMS.

This is a cooperative agreement; CMS and DOH work together throughout the grant.

CMS involvement includes:

- Regular communication and planning input
- Review and approval of key activities, budget, performance measures, and personnel
- Technical assistance and evaluation support
- Collaboration on adjustments to workplans if needed

# RHTP Federal Cooperative Agreement



## RHTP is funded through a federal cooperative agreement.

- Under federal law, cooperative agreements come with specific terms, conditions, and federal oversight that govern how funds may be used
- The funds are legally restricted to the approved federal scope of work
  - *RHTP funds must be spent as outlined in the federally approved workplan. Reallocation, redirection, or appropriation outside that scope could violate the agreement and place the state out of compliance. Noncompliance risks repayment of funds and jeopardizes future RHTP award amounts.*
- The Department does not have authority to change the funding structure
  - *The Department of Health does not have unilateral authority to alter the terms of a federal cooperative agreement. Any changes would require federal approval and, in many cases, are not permitted under the agreement.*
- This funding is fundamentally different from ARPA or CARES Act dollars
  - *ARPA and CARES Act funds were formula-based allocations to states. RHTP is a competitive grant that DOH applied for and was awarded, subject to specific terms and conditions. RHTP programmatic funding tied to performance, deliverables, and federal reporting requirements.*



# Key Objectives



Close the urban-rural gap in infant and maternal mortality and morbidity by 50%



Reduce risk factors related to chronic disease by 25%



Ensure that 90% of seniors have a usual source of primary care



Increase specialty service access in rural hub communities by 25%



Reduce vacancy rates for critical health care positions by 25%



Shift health care spending from acute care to preventive care by 10%

# Proposed Funding Uses

Initiative	Proposed Funding Usages
Healthy Beginnings	<ul style="list-style-type: none"><li>• Expand technology-enabled maternal care infrastructure</li><li>• Modernize rural maternal care facilities and staffing models</li><li>• Strengthen rural maternal health and early childhood development workforce</li><li>• Enhance maternal and child health home visiting programs</li></ul>
Health Care Access	<ul style="list-style-type: none"><li>• Conduct a comprehensive provider gap analysis to guide resource allocation and improve rural health access</li><li>• Improve primary care access by investing in workforce and facility improvements</li><li>• Increase access to the full spectrum of behavioral health services</li><li>• Deploy mobile dental clinics and expand access to remote and frontier health options</li><li>• Increase access to high-quality, specialized services</li><li>• Build out care homes and multidisciplinary teams to develop and sustain innovative complex care models</li><li>• Strengthen Tribally led Traditional Healing in care delivery</li><li>• Enhance statewide pharmacy capacity and reach to expand access</li><li>• Pilot technology-enabled care models to serve rural and frontier residents with IDD</li><li>• Drive transformation of the statewide Emergency Medical Services and trauma care systems</li><li>• Bolster home and community senior supports</li><li>• Expand home and community-based residential services, skilled nursing/long-term care facilities, and post-acute care transition programs</li></ul>

# Proposed Funding Uses

Initiative	Proposed Funding Usage Highlights
Healthy Communities	<ul style="list-style-type: none"><li>• Develop community-led regional health care delivery plans</li><li>• Deploy consumer-facing digital tools for chronic disease self-management</li><li>• Build infrastructure to support population health and care coordination</li><li>• Launch integrated primary and preventive care units</li><li>• Fund evidence-based, outcomes-driven community health programs</li><li>• Establish wellness centers to promote community health and lifestyle changes</li><li>• Improve home environments to support health</li></ul>
Pay for Value: Fiscal Sustainability	<ul style="list-style-type: none"><li>• Deliver technical assistance for successful value-based care participation</li><li>• Support value-based care and alternative payment model infrastructure</li><li>• Centralize and improve back-office solutions for providers</li><li>• Establish alternative payment methods for prevention and chronic disease management</li><li>• Establish innovative care models to support regional care coordination</li><li>• Establish alternative payment methodologies for hospitals</li><li>• Explore participation in CMMI's Achieving Healthcare Efficiency through Accountable Design (AHEAD) model</li><li>• Develop foundational capabilities for integrated care for dually-eligible Alaskans</li><li>• Launch transitional grants to support adoption of value-based payment arrangements and alternative payment models</li></ul>

# Proposed Funding Uses

Initiative	Proposed Funding Usage Highlights
<b>Strengthen Workforce</b>	<ul style="list-style-type: none"><li>• Create “grow our own” high school to certification programs</li><li>• Fund or expand training and workforce development and certification programs</li><li>• Create reskill or upskill programs for adults who may not have considered health care careers</li><li>• Support development and expansion of residency programs</li><li>• Implement recruitment and retention strategies</li><li>• Offer structured incentives to certain providers who commit to serving in a rural community</li><li>• Expand scope of practice</li><li>• Launch housing placement resources for health care providers and students</li><li>• Provide childcare supports to enhance provider retention</li></ul>
<b>Spark Technology and Innovation</b>	<ul style="list-style-type: none"><li>• Create telehealth-enabled specialty care access programs</li><li>• Evaluate and pilot emerging health technologies to strengthen health care delivery in remote communities</li><li>• Integrate advanced analytics across multi-payer health and data systems</li><li>• Deploy consumer-facing digital tools</li><li>• Empower providers’ use of appropriate artificial intelligence tools for care delivery</li><li>• Develop community-based system navigation applications</li><li>• Invest in standards-based platforms that integrate and store patient health data in a statewide health information exchange</li><li>• Build health IT infrastructure to support provider participation in value-based care</li></ul>





# Sustainability Approach



**RHTP will fund projects with clear sustainability plans.**  
**Sustainability will look different for each project and community.**

Category	Sustainability Approach Post-RHTP
Planning and Technical Assistance	No ongoing or long-term costs expected
Capital Improvements	Reimbursement-based revenue, local funds, or operational budgets
Workforce	Ongoing collaboration with universities, community-based programs, and public-private entities
Technology	Improved efficiencies, third-party reimbursement, platform user fees, and vendor agreements
Provider Service Lines	Insurance coverage if cost savings and/or cost avoidance, value-based or outcome-based payments
Covered Services	Insurance coverage if cost savings and/or cost avoidance
Programs	Additional service fees and program integration
Payment Structures	Policy changes that align across Medicaid, Medicare, and private payers

# Technical Score Policies

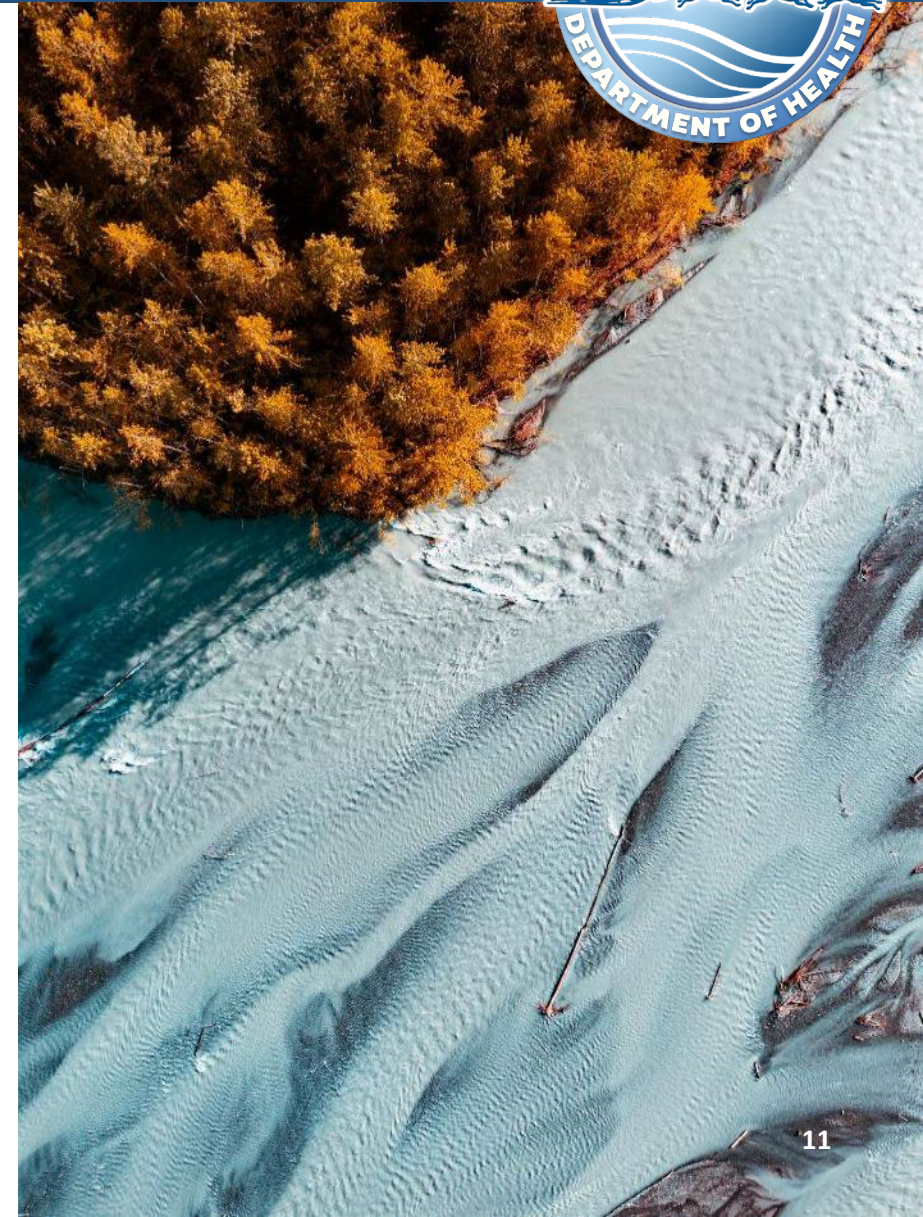
Policy Commitment	Legislative Action	Commitment to Legislative or Regulatory Action and Timeline
Presidential Fitness Test		Alaska Department of Education and Early Development will establish through regulatory action by 12/31/28
SNAP Food Restrictions Waiver		DOH will achieve an approved SNAP Food Restriction Waiver by 12/31/27
Nutrition Continuing Medical Education		The Alaska State Medical Board will establish through regulatory action by 12/31/28
Certificate of Need (CON)		DOH will promulgate regulations by 12/31/27 to modify CON for ancillary services (laboratory services), making Alaska less restrictive
Compact Licensing	 Pending (HB 241, HB131, and SB 124)	Alaska will join all licensure compacts (Emergency Medical Services, Psychologists, Physicians, Physician Assistants, and Nursing) by 12/31/27
Scope of Practice: Pharmacy	 Pending (HB 195 and SB 147)	Alaska will enact policy changes to expand scope of practice for pharmacists by 12/31/27, consistent with full authority
Short-term, Limited-duration Insurance		No policy commitment; Alaska is already in full alignment
Remote Care Services		Alaska will update Medicaid coverage to include remote patient monitoring by 12/31/2027 and will be in full alignment

# Federal Limitations on RHTP Funding



Examples of CMS-defined unallowable uses of RHTP funding include:

- Construction of new facilities or building expansions
- Purchasing land and/or buildings
- Funding clinical services already covered by insurance
- Supplanting existing funding
- Broadband infrastructure, internet installation costs, and certain telecommunications equipment
- Provider loan repayments
- Direct payments to individuals (e.g., cash assistance, gift cards)
- Supplanting state contribution to Medicaid match
- Food





# RHTP Budget Caps



Description	Budget Cap
Administrative expenses (direct and indirect)	Up 10% of total award per budget period
Provider payments for new/expanded services	Up to 15% of total award per budget period
Replacement of an Electronic Medical Record (EMR) system if a previous Health Information Technology for Economic and Clinical Health (HITECH) certified EMR system is already in place as of September 1, 2025	Up to 5% of total award per budget period
Emerging health technology investment	Up to the lesser of 10% of total award per budget period
Capital expenditures and infrastructure	Up to 20% of total award per budget period

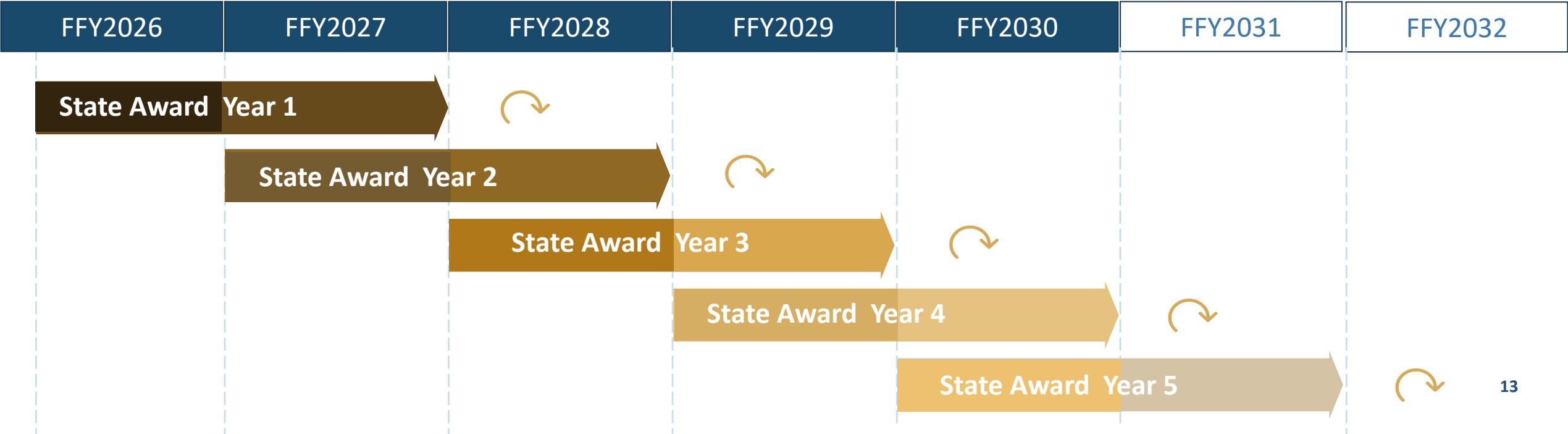
# RHTP Funding Timeline



CMS will make annual awards to states.

- States have one year to incur costs (obligate funds) and an additional year to finish spending them
- Beginning March 31, 2028, CMS will start annually redistributing unspent funds. Any final reallocated funds must be spent by the end of federal fiscal year (FFY) 2032

**REMINDER:** This is one-time, five-year funding. Investments must be sustainable after RHTP funding concludes





# Annual Review



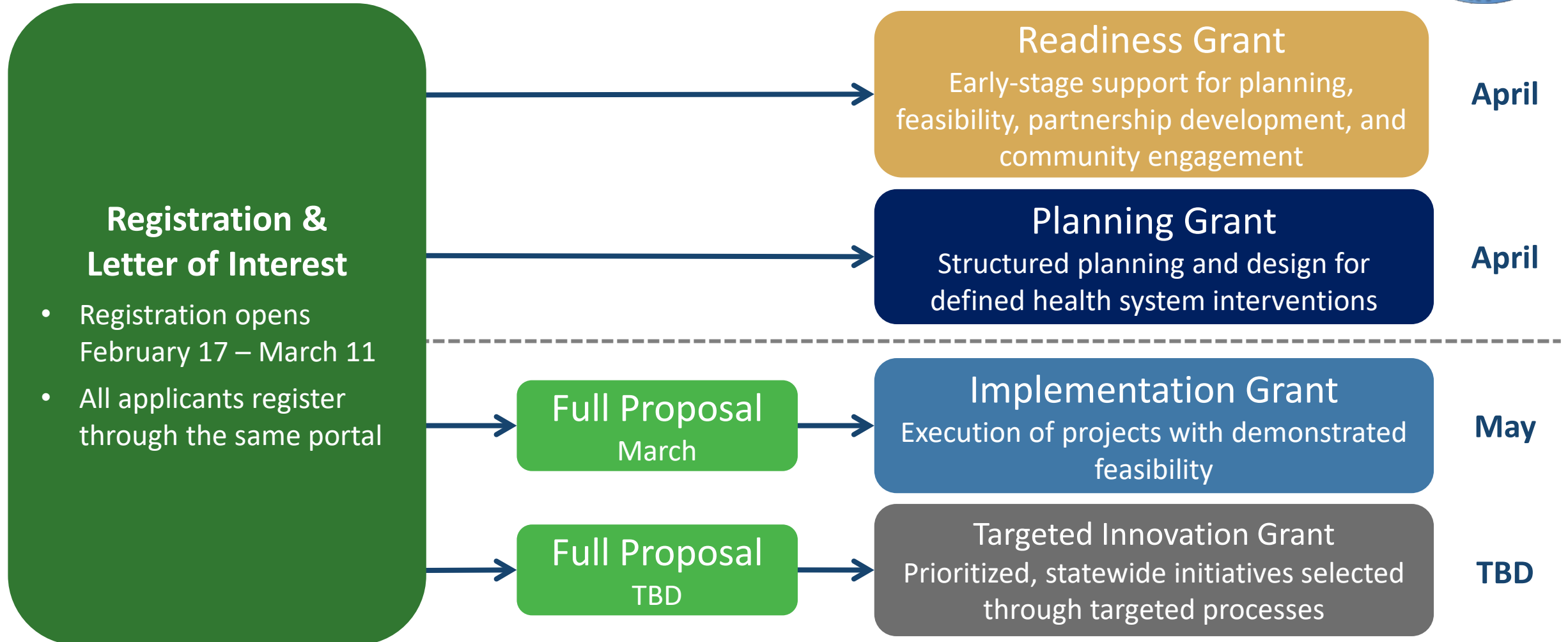
## Future funding amounts may vary.

- CMS measures progress using data, reports, and regular check-ins
- Progress is assessed against the State's approved plan, timeline, and milestones
- Progress towards completing technical score policy commitments
- Ongoing quarterly and annual program reports required throughout the grant; federal financial reports are also required to access and retain funds
- First annual programmatic progress report is due August 30, 2026 (covers December 29, 2025 – July 31, 2026)
- State progress as ranked against the other states

# Funding Pathways



# Anticipated Application Timeline



# Alaska RHTP Participants



Potential funding recipients include, but are not limited to:

Health care providers

Hospitals and clinics

Tribal Health Organizations

EMS

Local governments

Community centers

Schools

Non-profit organizations

State agencies



Entities across Alaska can apply for RHTP funds



# Stay Informed



For more information, please visit:

[health.alaska.gov/RHTP](https://health.alaska.gov/RHTP)

Email:

[DOH.RHTP@alaska.gov](mailto:DOH.RHTP@alaska.gov)

Resources:

Webinars

Initiatives

Convenings

FAQs

## Rural Health Transformation Program Frequently Asked Questions

What is the Rural Health Transformation Program (RHTP)?	View +
What is the goal of RHTP?	View +
Can RHTP funds support projects anywhere in Alaska? Can organizations in Anchorage, Fairbanks, and other hub communities apply?	View +
Who can apply for RHTP funding?	View +
What can RHTP funds be used for?	View +
What can RHTP funds not be used for?	View +
Is Alaska's RHTP Project Narrative final?	View +
How will the program be administered?	View +
When can organizations apply?	View +
How will applications be reviewed? Will the criteria be public?	View +



# Questions?

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