

State of Kansas

Rural Health Transformation Plan

Legislative Budget Committee

January 6, 2026

Agenda

- Janet Stanek, Secretary for the Kansas Department of Health and Environment
 - Rural Health Transformation (RHT) Program Overview
 - CMS Oversight
 - Rural Definition and Demographics
 - Kansas Rural Health Innovation Alliance (KRHIA) Members
 - Role of the KRHIA
 - Funding Distribution, Timeline, Uses and Limitations

RHT Program Overview

- CMS Purpose of the RHT Program:
 - Helps State governments to support rural communities across America in improving healthcare access, quality, and outcomes by transforming the healthcare delivery ecosystem.
 - Focuses on promoting innovation, strategic partnerships, infrastructure development, and workforce investment

RHT Program Overview

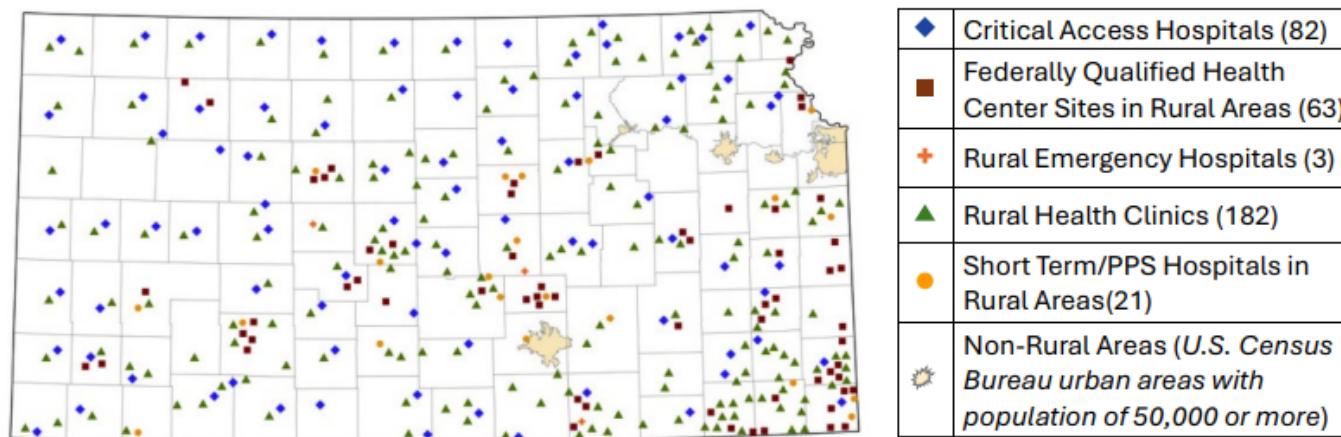
- KDHE is the lead agency, and the state created an interagency team led by Secretary Stanek and Secretary Howard, along with relevant personnel from both agencies.
- The State engaged with the University of Kansas Health System Care Collaborative to support the development of the application and stakeholder engagement process. The Governor created the Kansas Rural Health Innovation Alliance (KRHIA), which convened a group of stakeholders to provide input on initiatives to be included in the plan.
- The timeline and process for this application is as follows:
 - The application was released on Sept. 15, 2025. Kansas submitted a letter of intent on Sept. 24, 2025, and received confirmation of receipt from CMS.
 - Stakeholder meetings were conducted by the application development team.
 - The application was submitted to CMS on Nov. 4th, 2025.
 - **CMS awarded Kansas \$221,898,008** on Dec. 29th, 2025, for the first year of the Rural Health Transformation (RHT) Program, above the base grant amount of \$200,000,000 and the 6th highest award of all states.
 - Kansas is scheduled for its first CMS post award follow-up meeting to discuss budget on January 12, 2026.
 - The next meeting of the Rural Health Innovation Alliance is scheduled for January 13, 2026.
- Half of the \$50 billion award (\$25 billion) will be distributed evenly to all approved applicants.
- The remaining half (\$25 billion) will be distributed by CMS based on rural factors and the content and quality of the State' application.

CMS Oversight

- All funds must be expended in support of initiatives detailed in the State's Rural Health Transformation Plan and must be expended by the end of fiscal year following receipt of funds. There are reporting requirements to evaluate progress in meeting milestones and identify potential non-compliance
- Types of non-compliance
 - Using funds in manner inconsistent with application or program limitations
 - Using funds on unapproved activities
 - Failure to finalize proposed State policy actions
 - Not investing funds in manner that broadly affects State's rural areas and residents in positive manner
 - Failure to submit required reporting
 - Failure to follow through on initiative work plans
 - Violating award terms & conditions
 - Improperly managing funds
- Remedies
 - Must correct noncompliance within 90 days of notification
 - Failure to remedy = recover past payments and withhold further payments

Rural Definition and Demographics

- Definition of Rural: The Notice of Funding Opportunity includes the Federal Office of Rural Health Policy's (FORHP) definition use of rural. The FORHP defines the following areas as rural:
 - Non-metropolitan counties
 - Outlying metropolitan counties with no population from an urban area of 50,000 or more people
 - Census tracts of at least 400 square miles in area with population density of 35 or fewer people per square mile with RUCA codes 2-3 in metropolitan counties
 - Census tracts with RRS 5 and RUCA codes 2-3 that are at least 20 square miles in area in metropolitan counties
- The map below depicts the distribution of rural health care facilities throughout the state based on Health Resources & Services Administration (HRSA) data current through July 2025. This map can be found in the Kansas RHT Program Application.



- Rural determination can be verified using the Rural Health Information Hub, Am I Rural? - <https://www.ruralhealthinfo.org/am-i-rural#/>

Kansas Rural Health Innovation Alliance (KRHIA) Members

Kansas Hospital Association

Community Care Network of Kansas

Association of Community Mental Health
Centers of Kansas

Kansas Association of Local Health
Departments

Kansas Rural Health Association

Kansas Medical Society

Kansas Academy of Family Physicians

Kansas Chapter, American Academy of
Pediatrics

Kansas Health Institute

Kansas Department of Health and
Environment

Kansas Department of Aging and Disability
Services

LeadingAge Kansas

Kansas Health Care Association

Kansas Grantmakers in Health

Role of the KRHIA (Pre- and Post Grant Award)

- **Pre-Grant Award:** Participants appointed by Governor Kelly; Provided input on draft initiatives to be included in the State's plan
- **Post Grant Award:** Serves as an Advisory Board to the State related to the Rural Health Innovation Grant Execution
- Serves as the primary vehicle for ongoing stakeholder engagement.
- Meets no less than quarterly
- Assists in stakeholder collaboration, intervention and facilitation

RHT Program Fund Distribution

State to receive funds across 5 budget periods

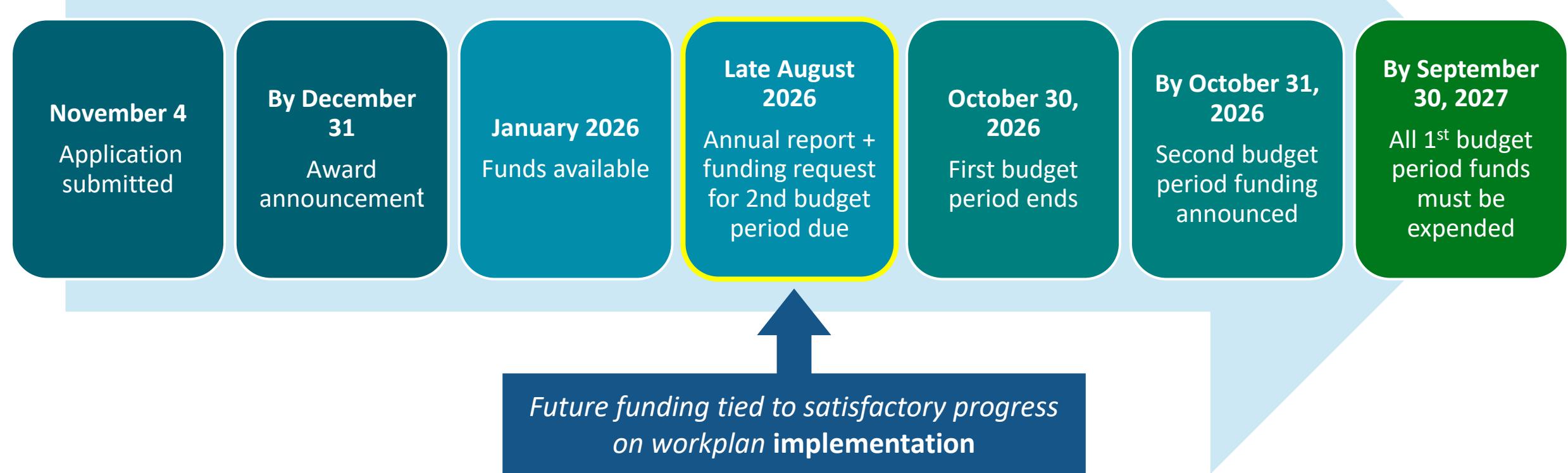
- December 31, 2025 – October 31, 2026
- November 1, 2026 – October 31, 2027
- November 1, 2027 – October 31, 2028
- November 1, 2028 – October 31, 2029
- November 1, 2029 – October 31, 2030

Assume \$200M/year for application purposes

- Adjusted for 1st budget period based on State's overall score
 - No process by which State can challenge its score
- Adjusted each year thereafter based on level of performance
 - No process by which State can challenge amount awarded

Please note: This presentation summarizes the State of Kansas' Rural Health Transformation Plan submitted to CMS in early November. The final plan approved by CMS likely will include modifications to the State's proposal.

1st Budget Period Timeline



Approved Use of Funds

Plan comprised of initiatives addressing 10 factors specified in CMS Notice of Funding Opportunity that were developed based on stakeholder proposals and initiatives already underway in State agencies:

1. Population health clinical infrastructure
2. Health and lifestyle
3. Rural provider strategic partnerships
4. EMS
5. Talent recruitment
6. Medicaid provider payment incentives
7. Dual eligible enrollment in integrated plans
8. Remote care services
9. Data infrastructure
10. Consumer-facing technology

Funding Restrictions

1. Administrative expenses capped at 10% of total funding in given budget period
2. Cannot use funds for new construction
3. Capital expenditures and infrastructure capped at 20% of total funding in given budget period
4. Cannot pay for clinical services presently reimbursable by insurance
5. Payments for non-reimbursable clinical service capped at 15% of total funding in given budget period
6. Cannot change payment amounts on existing fee schedules
7. Cannot pay specialist located in urban area to provide telehealth services for rural residents
8. Cannot purchase food
9. EHR replacement capped at 5% of total funding in given budget period
10. Cannot back-fill programs that have lost funding
11. All funded positions subject to federal salary rate limitation (currently \$225,750)
12. Cannot use funds to pay clinician salaries or wage supports for facilities that subject clinicians to non-competes
13. “Start-up” initiative funding limited capped at lesser of 10% of total funding or \$20M for any given budget period
14. Cannot use funds as expenditure that is attributable to intergovernmental transfer, certified public expenditure, or otherwise finance non-Federal share of expenditures required by law
15. Other standard limits on grant expenditures apply

Questions?
