Rural Health Transformation Program (RHTP)

Applicant FAQs

December 22, 2025

COLORADO
Department of Health Care Policy & Financing

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SECTION 1 — Program Overview

Q1. What is the Rural Health Transformation Program (RHTP)?

RHTP is a new federal funding opportunity that supports states in improving rural health care access, quality, and outcomes through chronic disease prevention, care delivery transformation, workforce expansion, innovative care models, and technology integration.

Q2. How much funding is available nationally?

The program provides $50 billion nationally over five years. Half is distributed equally among approved states, and half is allocated competitively based on CMS scoring factors.

Q3. What does “approved states” mean?

“Approved states” refers to states whose RHTP applications CMS has accepted and approved for funding. Only these states will be eligible for available funds.

SECTION 2 — Timeline & Federal Process

Q4. When will CMS announce RHTP awards?

CMS will announce state-level awards by December 31, 2025.

Q5. When will RHTP funds become available to Colorado?

CMS will announce state awards by December 31, 2025, and will release funds to Colorado shortly afterward. However, Colorado cannot distribute funds to providers immediately. After awards, the State must first:

1. Meet with CMS, and
2. Finalize a cooperative agreement that includes funding distribution requirements and timelines.

Only after the cooperative agreement is in place will Colorado be able to release the Intent to Apply, publish the Request For Application (RFA), review applications, and make provider-level awards.

Because these steps depend on CMS negotiations, provider disbursement timelines cannot be set in advance. Updated timelines will be shared publicly as soon as they are confirmed with CMS.

Q6. How will Colorado's Request for Applications (RFA) timeline be determined?

The RFA cannot be released until Colorado meets with CMS, negotiates its cooperative agreement, and finalizes timelines for distributing funding. All timelines shown in the 12.2.25 Webinar are estimations, not commitments.

Q7. If Colorado receives less than the $1B requested, will it still implement its full plan?

Colorado's plan is scalable. Activities will be prioritized and phased based on final award amounts and negotiated timelines.

Q8. Will funding be recalculated annually?

Yes. After the initial award, CMS recalculates each approved state's annual RHTP funding amount based on updated technical scores and the state's demonstrated progress toward its commitments. Each year, CMS requires states to submit detailed reporting on:

- Implementation progress across initiatives;
- Performance outcomes and metrics;
- Financial reporting and fund utilization;
- Compliance with the terms of the cooperative agreement.

CMS uses this information to reassess each state's technical score, which influences the next year's funding level. Because RHTP is a multi-year program without rollover authority, strong performance and timely execution are essential. States that demonstrate meaningful progress, accurate reporting, and adherence to their workplans will be better positioned in annual recalculations.

Conversely, if a state shows limited progress, incomplete reporting, or non-compliance, CMS may adjust future-year funding downward, redistribute funds among states, or exercise its authority to recoup, or "claw back," funds. This is why maintaining momentum and achieving measurable outcomes each year is important—not only for program impact but also for Colorado's ability to sustain RHTP funding across all five federal fiscal years (FFYs).

SECTION 3 — Eligibility

Q9. Which counties qualify as rural or frontier?

Colorado recognizes 52 rural and frontier counties, plus designated rural census tracts in Larimer, Mesa, and Weld counties.

Q10. Which entities may apply directly for RHTP funding?

Once Colorado receives RHTP funding from CMS, the State will accept applications only from eligible rural health care providers, as defined in the RHTP application and consistent with CMS guidance.

Entities that may apply directly to HCPF for RHTP funding include:

- Critical Access Hospitals (CAHs)
- Rural Prospective Payment System (PPS) Hospitals
- Sole Community Hospitals and other CMS-designated rural hospitals
- Rural Emergency Hospitals (REHs)
- Federally Qualified Health Centers (FQHCs)
- FQHC Look-Alikes
- Rural Health Clinics (RHCs)
- Community Mental Health Centers (CMHCs)
- Certified Community Behavioral Health Clinics (CCBHCs)
- Opioid Treatment Programs (OTPs)
- Emergency Medical Services (EMS) organizations
- Tribally-operated health facilities

These are the only entities that may apply directly to the State for RHTP funding.

Other organizations may participate as partners or subrecipients, but may not apply directly.

These include:

- Nonprofits
- Local public health agencies
- Community-based organizations
- Academic and workforce partners
- Technology vendors or consultants
- Long-term care facilities
- School-based health centers
- Independent practices

These entities may still be part of collaborative applications led by an eligible provider.

Q11. Can nonprofits, academic institutions, or public health agencies apply directly?

No. They may participate as partners or subrecipients within provider-led applications but are not eligible direct recipients.

Q12. Are dialysis clinics, therapy providers, Program Approved Service Agencies (PASAs), Non-Emergency Medical Transportation (NEMT) companies, or mobile units eligible direct applicants?

No. These entities may only participate as collaborators under an eligible provider.

Q13. Can a closed Critical Access Hospital (CAH) that still retains its designation apply?

Possibly. Eligibility follows CMS provider designation rules, but final participation criteria will be defined in Colorado's RFA and must align with CMS restrictions and limitations.

SECTION 4 — Application, Intent to Apply, & Request for Applications (RFA)

Q14. Will Colorado require a detailed budget narrative from applicants?

Yes. All applicants must include a detailed budget narrative explaining how funds will be used in alignment with permissible uses.

Q15. What is the Intent to Apply, and when will it be available?

Colorado will release an Intent to Apply form as the first step in the RHTP application process. It will be posted after CMS finalizes Colorado's cooperative agreement.

Q16. What is the expected application process?

The 12.2.25 Webinar outlined a three-step process:

1. Intent to Apply
2. Full RFA Application
3. Evaluation & Awards

SECTION 5 — Funding Distribution & Limits

Q17. Are pre-award costs allowed?

No. Pre-award costs are prohibited.

Q18. Are indirect costs allowed?

Yes. Indirect costs are allowable under federal rules. States may use their approved indirect cost rate, an approved cost allocation plan, or — if eligible — the federal 10% de minimis rate.

All indirect costs count toward the overall 10% administrative cost limit set in federal statute, which includes both direct and indirect administrative expenses.

Q19. Will funds be distributed equally among rural hospitals, counties, or provider types?

No. Colorado must distribute funds based on strategic priorities, rural needs, and CMS-approved parameters — not based on equal division.

Q20. How will Colorado determine future-year funding allocations?

Future year allocations depend on Colorado's annual performance, reporting, and CMS's recalculation of its technical score.

SECTION 6 — Allowable & Unallowable Uses of Funds

Q21. Can RHTP funds be used for construction or major renovations?

No. Construction, expansion, and major renovations are prohibited. Only limited facility modifications necessary to achieve program goals may be allowed.

Q22. Can RHTP funds be used to replace an EMR/EHR system?

Only under limited conditions:

- Replacement cannot exceed 5% of annual CMS-awarded funding.
- Only allowable if no HITECH-certified system was in place by September 1, 2025.

Q23. Can RHTP funds pay for clinical services?

No. RHTP funds cannot be used to pay for clinical services that are reimbursable through Medicaid, Medicare, or private insurance, nor can they duplicate or replace payments from other existing federal, State, or local funding sources.

However, CMS allows a limited set of provider payments under the RHTP (Use of Funds Category B) when ALL of the following conditions are met:

1. The service is not reimbursable by insurers or other programs, and
2. The payment directly supports an approved initiative within the State's Rural Health Transformation Plan, and
3. The payment advances strategic goals of the program (e.g., chronic disease prevention, workforce, access, innovative care, technology), and
4. Provider payments stay within the federal 15% cap on Category B funds.

Examples CMS considers allowable under Category B (CMS FAQ V.26):

- Payments tied to alternative payment models and outcomes.
- Payments for services not paid by insurers but aligned with program initiatives.

Examples CMS considers unallowable (CMS FAQ V.26, V.33):

- Paying for employees or services already reimbursable.
- Paying for uncompensated care not tied to a specific initiative.
- Enhanced payment rates for currently billable services without outcome ties.
- Using funds to fill budget gaps for ongoing clinical operations.

Bottom line:

RHTP funds cannot pay for standard clinical services, routine care, or any service that could be billed to Medicaid/Medicare/private insurance, but they **can** support specific, unreimbursed clinical activities when those payments are directly tied to an approved initiative and comply with CMS's 15% provider payment cap.

Q24. What other federal restrictions should applicants be aware of?

RHTP funding may not be used for:

- Supplanting existing state, local, or private funding.
- Lobbying or legislative advocacy.
- Covered telecommunications/video surveillance equipment.
- Household broadband subsidies.
- Using funds to fill budget gaps for ongoing clinical operations.
- Independent research and development.
- Payments tied to non-compete employment arrangements.
- Any mechanism used to fund the non-federal share of Medicaid programs.

Q25. Can fractional telehealth specialist services be funded?

Yes, if they align with permissible uses (e.g., improving chronic disease outcomes, care delivery transformation, workforce expansion, innovative care, and technology integration) and do not duplicate reimbursable clinical care.

SECTION 7 — Initiatives & Program Focus Areas

Q26. What are Colorado's 10 RHTP initiatives?

As described in the 12.2.25 Webinar, the initiatives include:

- Transforming rural care
- Building data and evaluation infrastructure
- Rural health networks
- Rural care delivery systems (EMS, coordination)
- Rural hospital operations & regulatory readiness
- Workforce expansion
- Preventive care capacity expansion
- State–local coordination
- Value-based care models
- Telehealth & technology integration

Q27. How does RHTP address maternal health?

Maternal health intersects with several initiatives, including hospital operations, EMS expansion, and preventive care. Colorado will focus on stabilizing essential service lines, supporting maternal care pathways, and improving access through coordinated regional models and telehealth.

Q28. How does telehealth fit into Colorado's long-term strategy?

The 12.2.25 Webinar stressed that telehealth is one tool among many. RHTP emphasizes hybrid models — supporting both in-person care and remote services — to expand access while respecting rural patient preferences.

SECTION 8 — Procurement, Vendors, & Partnerships

Q29. Can vendors contact the State to pitch services?

No. All vendor engagement must occur through eligible applicants or through competitive procurement processes.

Q30. Can vendors or consulting firms apply directly?

No. Vendors may only participate as subcontractors or partners under provider-led applications.

Q31. Will Colorado fast-track or endorse specific vendors?

No. Colorado must follow federal procurement rules and cannot pre-select vendors or approve technologies outside of formal processes.

SECTION 9 — Data, Scoring, & Evaluation

Q32. Will recipients report directly to CMS?

No. Health Care Policy & Financing (HCPF) will report to CMS on behalf of recipients.

Q33. What data sources does CMS use to score states?

CMS uses consistent national datasets related to rural population, number of rural facilities, uncompensated care, land area, EMS access, and other rural health indicators.

Q34. Are RHTP program metrics based only on Medicaid populations?

Not necessarily. Some metrics evaluate Medicaid-specific performance; others assess broader rural population outcomes depending on initiative design.

SECTION 10 — Advisory Committee & Stakeholder Engagement

Q35. What is the RHTP Advisory Committee?

Details regarding the advisory committee structure, membership, and meeting schedules will be shared publicly as they become available.

Q36. Will disability representation be included?

Colorado intends to include advocates and consumer representatives to ensure inclusive input.

Q37. How can stakeholders stay informed?

The 12.2.25 Webinar highlighted several engagement mechanisms:

- Public Advisory Committee meetings.
- Community listening sessions.
- Weekly RHTP newsletter (sign up here).
- Dedicated RHTP webpage.

Email inbox: hcpf_RHTP@state.co.us

SECTION 11 — Webinar Materials & Public Resources

Q38. Will the 12.2.25 Webinar recording and slides be posted?

Yes. They are posted on Colorado's RHTP webpage along with key materials and FAQs, when available.

Q39. Is there a definitive list of Colorado's rural and frontier counties?

Yes. Colorado's list of 52 rural and frontier counties will be posted on the RHTP webpage for applicants.