



COLORADO
Department of Health Care
Policy & Financing

Colorado Rural Health Transformation Program CMS Funding Restrictions

Funding policies and limitations:

Changes in HHS regulations - Awards will be subject to any applicable provisions of 2 CFR Part 200 and 2 CFR Part 300. As of October 1, 2025, HHS will adopt [2 CFR Part 200](#), with some modifications included in 2 CFR Part 300. These regulations can be found at [89 FR 80055](#) and replace those in [45 CFR Part 75](#).

Limitations:

We do not allow the following costs:

- Pre-award costs.
- Meeting matching requirements for any other federal funds or local entities.
- Services, equipment, or supports that are the legal responsibility of another party under federal, State, or tribal law, such as vocational rehabilitation or education services.
- Services, equipment, or supports that are the legal responsibility of another party under any civil rights law, such as modifying a workplace or providing accommodations that are obligations under law.
- Goods or services not allocable to the project.
- Supplanting existing State, local, tribal, or private funding of infrastructure or services, such as staff salaries.
- Construction or building expansion, purchasing or significant retrofitting of buildings, cosmetic upgrades, or any other cost that materially increases the value of the capital or useful life as a direct cost.
- The cost of independent research and development, including their proportionate share of indirect costs. See 2 CFR 300.477.



- Funds related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or executive order.
- Purchase of covered telecommunications and video surveillance equipment ([See 2 CFR 200.216](#)) as well as financial assistance to households for installation and monthly broadband internet costs.
- Meals, unless in limited circumstances such as:
 - Subjects and patients under study.
 - Where specifically approved as part of the project or program activity, such as in programs providing children's services.
 - As part of a per diem or subsistence allowance provided in conjunction with allowable travel.
- Activities prohibited under 2 CFR 200.450 and the HHS Grants Policy Statement, including but not limited to:
 - Paying the salary or expenses of any grant recipient, or agent acting for such recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or executive order proposed or pending before the Congress or any State government, State legislature, or local legislature or legislative body.
 - Lobbying, but awardees can lobby at their own expense if they can segregate federal funds from other financial resources used for lobbying.

For guidance on some types of costs that we restrict or do not allow, see 2 [CFR Part 200 Subpart E](#) - General Provisions for Selected Items of Cost.



Program-specific limitations:

Unallowable costs:

- New construction is unallowable. Supplanting funding for in-process or planned construction projects or directing funding towards new construction builds is unallowable. Renovations or alterations, as described in category J of the program requirements and expectations [use of funds](#) section outlined in the application, are allowed if they are clearly linked to program goals.
 - Category J funding cannot exceed 20% of the total funding CMS awards States in a given budget period.
- To replace payment for clinical services that could be reimbursed by insurance. We will not accept payments to clinical services if they duplicate billable services and/or attempt to change payment amounts of existing fee schedules. If you plan to fund direct health care services, you must justify why they are not already reimbursable, how the payment will fill a gap in care coverage (such as uncompensated care or services not covered by insurance), and/or how they transform the current care delivery model.
 - Funding for provider payments, as described in category B of the program requirements and expectations [use of funds](#) section outlined in the application, cannot exceed 15% of the total funding CMS awards States in a given budget period.
 - Funding cannot be used for initiatives that fund certain cosmetic and experimental procedures that fall within the definition of a specified sex-trait modification procedure at [45 CFR 156.400](#) because that is beyond the scope of this program.
- No more than 5% of total funding CMS awards to a State in a given budget period can support funding the replacement of an EMR system if a previous HITECH certified EMR system is already in place as of September 1, 2025.
- Funding towards initiatives similar to the “Rural Tech Catalyst Fund Initiative” (as described in the [appendix](#)) cannot exceed the lesser of (1) 10% of total funding awarded to a State in a given budget period or (2) \$20M of total funding awarded to a State in a given budget period, and



funding is subject to all restrictions and requirements described in the example initiative.

- Clinician salaries or wage supports for facilities that subject clinicians to non-compete contractual limitations.
- None of the funding shall be used by the State for an expenditure that is attributable to an intergovernmental transfer, certified public expenditure, or any other expenditure to finance the non-Federal share of expenditures required under any provision of law.
- SSA Section 2105(c), paragraphs (1), (7), and (9) apply as funding limitations. These limitations are related to general limitations, limitations on payment for abortions, and citizenship documentation requirements for payments made with respect to an individual.

