



THE RURAL HEALTH LEDGER

What Washington Is Giving Rural America May Not Add Up to What It Is Taking Away

Farm Action Fund Report

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Executive Summary

On September 10, 2026, the U.S. Department of Health and Human Services (DHHS) announced nearly \$25 million in new direct assistance to 132 small rural hospitals in 13 states. The funding, provided through the Rural Hospital Provider Assistance Program, will help hospitals retain physicians, nurses, and other providers and preserve emergency, inpatient, and other essential services. It is meaningful assistance and should be welcomed.

It also arrives against a much larger backdrop.

The new assistance is the latest federal effort to shore up rural health care as communities prepare for the effects of major Medicaid cuts enacted in the 2025 reconciliation law. The Congressional Budget Office estimates the law will reduce federal Medicaid spending by about \$911 billion over ten years. KFF estimates roughly \$137 billion of that reduction will fall on rural areas.

Rural hospitals rely more heavily on Medicaid than do their metropolitan counterparts. The National Rural Health Association (NRHA) states, “Rural hospitals and clinics are not sustainable without this critical funding.”

That same law created the \$50 billion Rural Health Transformation Program (RHTP), providing \$10 billion annually from 2026 through 2030 to support rural health systems.

This investment matters. But the threat to rural health care remains grave.

The RHTP investment and the Medicaid reductions differ in size, timing, and purpose. RHTP dollars therefore should not be treated as dollar-for-dollar replacements for Medicaid funding. But the combined effects of the law can—and should—be assessed state by state. Policymakers should produce a full accounting of what rural communities are gaining and losing. Rural America needs to see the whole ledger.

The stakes are high. Rural hospitals have been enduring years of financial stress. Between 2010 and 2025, 152 rural hospitals closed, including 52 Critical Access Hospitals. Today, 700 rural hospitals, 31% of the nation's operating rural inpatient hospitals, are classified as at risk of closing, including 264 at immediate risk.

In 2020, rural hospitals supported one of every 12 rural jobs and generated approximately \$220 billion in economic activity. A closure can cost a community emergency and inpatient care, jobs, purchasing power, and infrastructure needed to attract families and employers.¹

The RHTP and Medicaid changes should be evaluated together:

- RHTP is designed to fund health system transformation, not replace lost Medicaid revenue. Only a limited share of RHTP funding can be used for provider payments.²
- RHTP appropriations run through 2030, and program funds may be spent through 2032. Medicaid reductions are backloaded, with most of the ten-year reductions occurring after 2030 and continuing beyond the RHTP period.

And where a hospital is located affects the result. A detailed 2026 RAND analysis of major Medicaid provisions and the RHTP shows how sharply the effects can vary by state. Here are the results for three states:

- Wyoming: +9.77% of its total Medicaid fund across the period;
- Florida: +0.14%; and
- Iowa: −16.01%.³

After considering Washington's investments and reductions together, will rural communities have stronger hospitals, better access to health care, and more economic opportunity—or less?

Rural America deserves to see the whole ledger.

¹ American Hospital Association. (2022, September 8). New AHA report finds rural hospital closures threaten patient access to care. <https://www.aha.org/press-releases/2022-09-08-new-aha-report-finds-rural-hospital-closures-threaten-patient-access-care>

² KFF. (2026, February 6). Comparing states' rural health fund allotments to Medicaid spending cuts can be misleading. <https://www.kff.org/medicaid/comparing-states-rural-health-fund-allotments-to-medicaid-spending-cuts-can-be-misleading/>

³ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RRA4098-1-v2.html

I. A Rural Hospital System Already Under Stress

The rural hospital crisis has been unfolding for years—even before the cuts to Medicaid.

According to the federal Health Resources and Services Administration (HRSA), 152 rural hospitals closed between 2010 and 2025, including 52 Critical Access Hospitals.⁴

The Center for Healthcare Quality and Payment Reform (CHQPR) reports that, as of July 2026, the United States had 2,249 operating rural inpatient hospitals. Of those:

- 937, or 42%, lost money delivering patient services in the most recent year available;
- 700, or 31%, were at risk of closing; and
- 264, or 12%, were at immediate risk of closing.⁵

That means nearly one-third of the nation's rural inpatient hospitals are classified as financially at risk.

For rural Americans, a hospital closure can mean longer emergency travel, fewer maternity services, reduced access to laboratory and imaging services, and the loss of nearby inpatient care.

In an emergency—a tractor rollover or a heart attack—distance can mean the difference between life and death.

II. Rural Hospitals Are Also Rural Economic Infrastructure

The consequences extend beyond health care and into the rural economy.

The American Hospital Association reports that rural hospitals supported one out of every 12 rural jobs and generated approximately \$220 billion in economic activity in their communities in 2020.⁶

Hospitals employ clinicians as well as laboratory and imaging technicians, emergency personnel, food-service and maintenance workers, administrators, and others. Their spending also supports pharmacies, clinics, ambulance services, and surrounding businesses.

A manufacturer considering a rural location needs workers to have access to emergency care; families considering a move need confidence that children and aging parents can obtain care nearby.

Rural hospitals are both health infrastructure and economic infrastructure.

When a community loses its hospital, it risks losing health care, jobs, population, and future economic opportunity together.

⁴ Health Resources and Services Administration. (n.d.). Rural hospital programs.
<https://www.hrsa.gov/rural-health/grants/rural-hospitals>

⁵ Center for Healthcare Quality and Payment Reform. (2026, July). Saving rural hospitals.
<https://ruralhospitals.chqpr.org/Overview.html>

⁶ American Hospital Association. (2022, September 8). New AHA report finds rural hospital closures threaten patient access to care.
<https://www.aha.org/press-releases/2022-09-08-new-aha-report-finds-rural-hospital-closures-threaten-patient-access-care>

III. Washington Is Making Significant New Rural Health Investments

During Senate negotiations over the 2025 reconciliation legislation, Republican leaders expanded a proposed rural hospital relief fund as lawmakers confronted concerns about the effects of the bill's Medicaid financing reductions on rural health care. Contemporary reporting documented the fund growing from \$15 billion to \$25 billion amid negotiations over provider-tax restrictions; the final law ultimately created the \$50 billion Rural Health Transformation Program (RHTP).

The final program provides \$50 billion over five years to states for the support of rural health care—\$10 billion annually from fiscal years 2026 through 2030.

Half of the funding is divided equally among states with approved applications; the remainder is allocated using factors such as rural population, characteristics of each state's rural health system, state policy actions, and proposed initiatives.⁷

CMS awarded funding to all 50 states for FY2026. First-year awards range from approximately \$147 million to \$281 million, averaging roughly \$200 million per state.⁸

The Administration says states plan to use the funding for primary, maternal, behavioral, and emergency care; workforce recruitment and retention; facilities and technology; telehealth; and new care and payment models.⁹

DHHS followed on September 10, 2026, with nearly \$25 million for 132 small rural hospitals in 13 states through the Rural Hospital Provider Assistance Program.¹⁰

To qualify, a hospital must have no more than 50 acute-care inpatient beds, a Medicare wage index below 0.90, and be located in an HRSA-defined rural area.¹¹

Hospitals may use the funding to retain physicians, nurses, and other providers and maintain essential services.

⁷ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

⁸ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

⁹ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

¹⁰ U.S. Department of Health and Human Services. (2026, September 10). HHS awards nearly \$25 million to strengthen small rural hospitals and preserve access to care. <https://www.hhs.gov/press-room/hhs-awards-25-million-strengthen-rural-hospitals.html>

¹¹ Health Resources and Services Administration. (n.d.). Rural Hospital Provider Assistance Program. <https://www.hrsa.gov/rural-health/grants/rural-hospitals/rhpa>

These investments are meaningful, but they should be considered alongside the other federal policy changes affecting rural health care—namely, the loss of Medicaid funding.

IV. The Other Side of the Ledger: Medicaid

Because rural areas have lower incomes, more older adults, higher costs of private insurance, and fewer private insurance options, Medicaid plays an especially important role in rural health care.¹²

The same 2025 reconciliation law that created the \$50 billion RHTP also changed Medicaid financing, eligibility, provider taxes, state-directed payments, redeterminations, and work requirements.

KFF's analysis of CBO estimates concludes that the legislation will reduce federal Medicaid spending nationally by approximately \$911 billion over the 2025–2034 period.¹³

KFF later estimated that federal Medicaid spending could fall by about \$137 billion in rural areas over ten years.¹⁴

For scale, the entire \$50 billion RHTP equals about 37% of the estimated \$137 billion in rural Medicaid reductions.¹⁵

It would nevertheless be misleading to describe the difference—\$87 billion—as a direct cut to rural hospitals.

The rural health investment and the Medicaid reductions were linked in the congressional debate, and their combined effects should be evaluated. But the funding streams are not interchangeable: a dollar of RHTP funding is not necessarily equivalent to a dollar of Medicaid funding because the programs differ in purpose, timing, permissible uses, and effects across states.

Under CMS program rules, as summarized by KFF, no more than 15% of a state's RHTP award in a given budget period can be used for provider payments, and those payments cannot supplement or duplicate existing funding sources, including Medicaid.¹⁶

¹² NRHA, (2025, April 8). Critical Condition: How Medicaid Cuts Would Reshape Rural Health Care Landscapes. <https://www.ruralhealth.us/blogs/2025/04/critical-condition-how-medicaid-cuts-would-reshape-rural-health-care-landscapes>

¹³ KFF. (2025, July 23). Allocating CBO's estimates of federal Medicaid spending reductions across the states: Enacted reconciliation package. <https://www.kff.org/medicaid/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-across-the-state-s-enacted-reconciliation-package/>

¹⁴ KFF. (2026, February 6). Comparing states' rural health fund allotments to Medicaid spending cuts can be misleading. <https://www.kff.org/medicaid/comparing-states-rural-health-fund-allotments-to-medicaid-spending-cuts-can-be-misleading/>

¹⁵ KFF. (2026, September 18). A closer look at the \$50 billion rural health transformation program. <https://www.kff.org/medicaid/a-closer-look-at-the-50-billion-rural-health-transformation-program/>

¹⁶ KFF. (2026, September 18). A closer look at the \$50 billion Rural Health Transformation Program. <https://www.kff.org/medicaid/a-closer-look-at-the-50-billion-rural-health-transformation-program/>

KFF likewise cautions against treating the funding streams as interchangeable: Medicaid reductions grow across the ten-year budget window, while RHTP appropriations end after 2030.¹⁷

KFF notes that nearly 64% of the ten-year Medicaid reductions occur after fiscal year 2030, when annual RHTP appropriations have ended. States may spend awarded RHTP funds after 2030, but all program funds must be spent by the end of fiscal year 2032, while the Medicaid reductions continue beyond that date.¹⁸

The relevant question, therefore, is not simply how many federal dollars appear on each side of the ledger.

It is whether federal policies, taken together, leave a state's rural health system more or less capable of serving its people—and whether rural citizens can afford access to care.

V. The State-by-State Ledger Tells a Very Different Story

RAND Health's June 2026 analysis offers one of the most detailed state-by-state assessments of the law's combined Medicaid effects, including the RHTP.

RAND modeled 12 provisions of the 2025 reconciliation law and estimated their effects on Medicaid funds, state budgets, and enrollment through 2034.¹⁹

RAND cautions that these are projections dependent on assumptions about state responses, population growth, health-care spending, enrollment, and implementation.²⁰

The state-to-state differences are substantial.

RAND projects that 26 states will experience Medicaid-fund reductions of at least 5% under the provisions studied.²¹

Its detailed state table illustrates the contrast among Wyoming, Florida, and Iowa:

¹⁷ KFF. (2026, September 18). A closer look at the \$50 billion rural health transformation program. <https://www.kff.org/medicaid/a-closer-look-at-the-50-billion-rural-health-transformation-program/>

¹⁸ KFF. (2026, September 18). A closer look at the \$50 billion rural health transformation program. <https://www.kff.org/medicaid/a-closer-look-at-the-50-billion-rural-health-transformation-program/>

¹⁹ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

²⁰ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

²¹ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

State	FY2026 RHTP Award	RAND Cumulative Medicaid Fund Impact, 2025–2034	Cumulative Dollar Impact Through 2034
Wyoming	\$205.0 million	+9.77%	+\$1.044 billion
Florida	\$209.9 million	+0.14%	+\$533 million
Iowa	\$209.0 million	–16.01%	–\$12.813 billion

Sources: CMS FY2026 award data and RAND Table B.1.²²²³

A. Example: Wyoming

Federal Rural Health Policy Produces a Net Gain

Wyoming received \$205,004,743 in FY2026 Rural Health Transformation funding.²⁴

RAND estimates that, after accounting for the major provisions it modeled, the cumulative 2025–2034 impact on Wyoming's Medicaid fund is +\$1.044 billion, equal to +9.77% of the state's total Medicaid fund across the period.²⁵

RAND specifically identifies Wyoming as one of the states expected to experience an increase in Medicaid funds because its small population allows the RHTP to have a substantial proportional effect.²⁶

That result is significant, even though Wyoming's broader rural health challenges remain.

Wyoming demonstrates that the combined federal policy package can produce a positive state-level dollar outcome when RHTP gains are large relative to the effects of other Medicaid provisions.

²² Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

²³ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

²⁴ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

²⁵ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

²⁶ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

B. Example: Florida

Florida Essentially Held Harmless in RAND's Model

Florida received \$209,938,195 in FY2026 RHTP funding.²⁷

RAND estimates that the cumulative 2025–2034 impact on Florida's Medicaid fund is +\$533 million, equal to +0.14% of the state's total Medicaid fund across the period.²⁸

RAND explains the result through Florida's Medicaid structure.

Florida is a non-Medicaid-expansion state and does not rely heavily on the state-directed payments and provider-tax mechanisms most affected by several provisions of the law. As a result, RAND finds that Florida experiences minimal overall budgetary effects from the provisions studied, with RHTP gains nearly offsetting the negative effects elsewhere.²⁹

Under RAND's assumptions, Florida's experience is essentially neutral to modestly positive.

C. Example: Iowa

A Rural Health Grant Similar to Florida's, but a \$12.8 Billion Cumulative Projected Reduction

Iowa presents the clearest contrast.

CMS awarded Iowa \$209,040,064 in FY2026 RHTP funding—less than \$900,000 different from Florida's allocation.³⁰

RAND projects an entirely different overall result.

²⁷ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

²⁸ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RR-A4098-1-v2.html

²⁹ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR-A4098-1-v2.html

³⁰ Centers for Medicare & Medicaid Services. (2025, December 29). CMS announces \$50 billion in awards to strengthen rural health in all 50 states [FY2026 Rural Health Transformation Program award data]. <https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states>

RAND estimates that the cumulative 2025–2034 impact on Iowa's Medicaid fund is –\$12.813 billion, equal to –16.01% of the state's total Medicaid fund across the period.³¹

That places Iowa among the states with the largest percentage reductions in the country.

RAND explains that Iowa is a Medicaid-expansion state with substantial use of both state-directed payments and provider taxes. The law's changes to those financing mechanisms, combined with other provisions, have a much larger effect in Iowa.³²

The comparison with Florida is particularly instructive:

Florida FY2026 RHTP award: \$209.9 million

Iowa FY2026 RHTP award: \$209.0 million

Yet RAND projects:

Florida: +0.14%

Iowa: –16.01%.³³

The comparison underscores the central point:

A federal grant announcement alone cannot tell rural residents whether Washington's overall policy is strengthening or weakening their health-care system.

VI. Rural Health Policy Should Be Judged by Outcomes, Not Announcements

The Administration has announced nearly \$25 million for 132 small rural hospitals and \$50 billion in grants through the Rural Health Transformation Program.

But rural Americans should not judge Washington's commitment to their communities by a grant announcement alone.

The broader ledger begins with a rural hospital system already under serious strain:

152 rural hospitals closed between 2010 and 2025.³⁴

700 operating rural hospitals are currently classified as at risk of closing.³⁵

³¹ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

³² Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

³³ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RR4098-1-v2.html

³⁴ Health Resources and Services Administration. (n.d.). Rural hospital programs. <https://www.hrsa.gov/rural-health/grants/rural-hospitals>

³⁵ Center for Healthcare Quality and Payment Reform. (2026, July). Saving rural hospitals. <https://ruralhospitals.chqpr.org/Overview.html>

264 are classified as at immediate risk.³⁶

42% of operating rural inpatient hospitals lost money delivering patient services in the most recent year available.³⁷

And in 2020, rural hospitals supported one out of every 12 rural jobs and generated approximately \$220 billion in economic activity.³⁸

At the same time, federal policy is projected to affect states very differently.

For the cumulative 2025–2034 period, RAND estimates: Wyoming: +9.77%; Florida: +0.14%; Iowa: –16.01%.³⁹

Those differences matter to the people who depend on rural hospitals for health care, jobs, and economic stability.

VII. A Rural Health Net-Impact Standard

Congress and the Administration should establish a transparent Rural Health Net-Impact Standard for major federal health policies.

That accounting should show, state by state:

- projected changes in federal Medicaid funding;
- expected Medicaid enrollment and coverage changes;
- Rural Health Transformation funding;
- changes in provider reimbursement and uncompensated care;
- the number and financial condition of rural hospitals;
- access to emergency, inpatient, maternity, and other essential services; and
- rural health-care employment and economic impacts.

The accounting should be nonpartisan and transparent, showing where federal policy strengthens rural health care, where states are largely protected from losses, and where substantial reductions remain despite highly publicized grants.

The standard should answer one simple question:

³⁶ Center for Healthcare Quality and Payment Reform. (2026, July). Saving rural hospitals. <https://ruralhospitals.chqpr.org/Overview.html>

³⁷ Center for Healthcare Quality and Payment Reform. (2026, July). Saving rural hospitals. <https://ruralhospitals.chqpr.org/Overview.html>

³⁸ American Hospital Association. (2022, September 8). New AHA report finds rural hospital closures threaten patient access to care. <https://www.aha.org/press-releases/2022-09-08-new-aha-report-finds-rural-hospital-closures-threaten-patient-access-care>

³⁹ Rao, P., Baker, L., Girosi, F., Li, E., Kerber, R., & Eibner, C. (2026, June 18). State-level impacts of key Medicaid provisions in the One Big Beautiful Bill Act (RR-A4098-1-v2, pp. 51–52, 56–59). RAND Corporation. https://www.rand.org/pubs/research_reports/RRA4098-1-v2.html

Will rural Americans have greater access to health care, stronger hospitals, more jobs, and more economically resilient communities when these policies are fully implemented than they had before?

If the answer is yes, the ledger should show it. If the answer is no, a new grant announcement should not obscure the broader result.

Rural Americans should not be shown only one side of the books.

They deserve to see the whole ledger.