

CHARTIS TOP READS

Not a cure but a chance: How rural hospitals can prepare for the Rural Health Transformation Program

Week of February 22 - February 28, 2026

| FEB 26, 2026

<https://www.chartis.com/insights/not-cure-chance-how-rural-hospitals-can-prepare-rural-health-transformation-program>

The Buzz This Week

Today, more than 40% of rural hospitals are operating in the red, and 417 facilities are vulnerable to closure, according to a new report. The situation is more dire in the 10 states that did not expand Medicaid under the Affordable Care Act, as more than half of rural facilities in these states are operating at a loss, and 36% are at risk of closing.

Chartis' 2026 Rural Health State of the State report, released this month, examines the instability of the rural healthcare safety net. Chartis has tracked rural health metrics for more than a decade, and this year's report reveals deepening challenges as the Rural Health Transformation (RHT) Program gets underway.

Since 2010, more than 200 rural hospitals have now closed or moved to a model that does not include inpatient care (i.e., Rural Emergency Hospital). This loss of access to care is compounded by the continued growth of care deserts. The study found that across the country, more than 300 hospitals no longer provide obstetrics, more than 300 have stopped offering general surgery, and more than 450 facilities have eliminated chemotherapy.

This instability persists against the backdrop of significant funding cuts from the One Big Beautiful Bill Act (OBBBA) and the RHT Program's goal of "right-sizing" rural healthcare. In December, the Centers for Medicare & Medicaid Services announced \$10 billion in first-year state awards for the RHT Program, created as part of the OBBBA in part to help offset Medicaid funding cuts.

Some of the programs detailed in state applications should advance the delivery of care in rural communities. RHT focal points such as workforce development, technology modernization and interoperability, and healthier outcomes are entrenched challenges in rural healthcare.

However, the RHT Program is unlikely to offset the OBBBA's projected \$137 billion in rural health cuts. The first major spending reductions will begin in 2027 with Medicaid work requirements and more frequent eligibility redeterminations (every 6 months) for the Medicaid expansion population. Cuts to Medicaid will negatively impact rural hospitals, for which Medicaid reimbursements account for nearly 10% of net revenue, according to Chartis data.

Why It Matters

In the months ahead, states will work to implement the programs in their RHT applications before the first program review in September 2026. Hospitals, particularly independent rural hospitals without the backing of larger health systems, must prepare to maximize the benefits from RHT-funded initiatives. They can begin by conducting thorough assessments of their clinical and operational needs and understanding the unique initiatives outlined in their state's RHT application.

Chartis' analysis of state applications reveals common areas of program emphasis (e.g., telehealth and artificial intelligence (AI)) as states look to address clinical needs, access to care, and workforce-related challenges. Other focal points include interoperability among tech-enabled solutions, and greater collaboration through clinically integrated networks.

This crossroads moment for rural healthcare requires a new set of key considerations to navigate continued uncertainty and seize opportunities as they emerge from RHT programs. Rural hospital leaders should focus on actionable steps and strategic planning. Considerations include:

- Actively engage in RHT program development through independent outreach, healthcare channels, and state-level representation.
- Identify staffing shortfalls and develop models based on service line delivery and expansion opportunities associated with RHT initiatives.
- Quantify urgent unmet needs, continuum of care gaps, and population health disparities across hospital service areas.
- Determine the level of readiness to successfully leverage new technological approaches to care delivery (e.g., telehealth).
- Engage in tech-forward strategies with a focus on interoperability (e.g., electronic health records, enterprise resource planning, and health information exchange).
- Understand which collaborative models (e.g., CINs and partnerships) would yield the greatest financial and clinical benefit.

While the RHT program is a historic government investment in rural healthcare, safety net fragility will not disappear, especially with looming Medicaid cuts that will take effect in 2027. Rural hospitals need to plan for those cuts while using RHT funding at the state level to deliver the maximum benefit for the communities they serve.

Related Links

Chartis:

KFF:

Chartis Top Reads

[View All](#)

Our services

[STRATEGIC TRANSFORMATION](#)

[PERFORMANCE TRANSFORMATION](#)

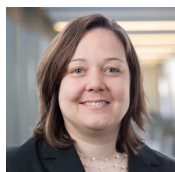
[DIGITAL & TECHNOLOGY TRANSFORMATION](#)

[CHARTIS CENTERS FOR AI & STRATEGIC INTELLIGENCE](#)

[PAYER TRANSFORMATION](#)

[STRATEGIC COMMUNICATIONS & CHANGE MANAGEMENT](#)

LEARN MORE ABOUT THE AUTHOR



Renée Burnham
Senior Research Associate



Billy Balfour
Marketing Communications and Client
Engagement