Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

RURAL HEALTH TRANSFORMATION COMMITTEE

Tuesday and Wednesday, October 14-15, 2025
Senate Chamber, State Capitol
Bismarck, North Dakota

Senator Brad Bekkedahl, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Brad Bekkedahl, Sean Cleary, David A. Clemens, Kyle Davison, Dick Dever, Kathy Hogan, Jeffery J. Magrum, Tim Mathern, Kristin Roers, Desiree van Oosting; Representatives Bert Anderson, Mike Beltz, Mike Berg, Macy Bolinske, Jayme Davis, Gretchen Dobervich*, Clayton Fegley, Kathy Frelich, Jared Hendrix, Dawson Holle, Alisa Mitskog, Eric J. Murphy, Jon O. Nelson, Nico Rios, Karen M. Rohr, Matthew Ruby, Gregory Stemen, Don Vigesaa, Scott Wagner*

Members absent: Senators Judy Lee, Kent Weston; Representatives Karen A. Anderson, Dwight Keifert

Others present: Senator David Hogue, Minot, and Representative Mike Lefor, Dickinson, members of Legislative Management.
See Appendix A for additional persons present.
**Attended remotely*

RURAL HEALTH TRANSFORMATION COMMITTEE

At the request of Chairman Bekkedahl, Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, presented a memorandum entitled *Rural Health Transformation Committee - Background Memorandum*. He noted:

- The committee was created by directive of the Chairman of the Legislative Management to review the federal Rural Health Transformation Program.
- The committee is to recommend input to the Department of Health and Human Services (DHHS) on the state's application for a federal Rural Health Transformation Program grant.
- The committee is to develop any legislation necessary to implement rural health transformation-related programs and to provide appropriations of federal funds relating to the programs for the remainder of the 2025-27 biennium.

FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM

Ms. Sarah Aker, Executive Director, Medical Services Division, Department of Health and Human Services, presented information (Appendix B) regarding the federal Rural Health Transformation Program. She provided the following information:

Overview

The federal One Big Beautiful Bill Act (Section 71401 of Public Law 119-21) authorizes the Rural Health Transformation Program to improve health care access, quality, and outcomes in rural areas. The program received $50 billion to be distributed over 5 years from federal fiscal year 2026 through federal fiscal year 2030. Fifty percent of the funding is to be distributed as baseline funding and 50 percent of the funding is to be distributed as workload funding.

Baseline Funding

Baseline funding is to be distributed equally among all eligible states.

Workload Funding

Workload funding is to be distributed through a rural facility and population component and a technical score component. Each component has factors assigned that are categorized as data-driven, initiative-based, or state policy action. The factors and weighting components are:

Rural Facility and Population		Technical Score	
Factor	**Weight**	**Factor**	**Weight**
Absolute size of rural population	10%	Consumer-facing technology	3.75%
Proportion of rural health facilities	10%	Data infrastructure	3.75%
Percent of uncompensated hospital care	10%	Emergency medical services	3.75%
Percent of state population in rural areas	6%	Health and lifestyle (prevention)	3.75%
Metrics that define a state as being frontier	6%	Medicaid provider payment incentives	3.75%
Area of state in total square miles	5%	Medicare and Medicaid dual eligibles	3.75%
Medicaid disproportionate share hospital payments	3%	Population health critical infrastructure	3.75%
		Rural provider strategic partnerships	3.75%
		Remote care services	3.75%
		Supplemental Nutrition Assistance Program (SNAP) waivers	3.75%
		Talent recruitment	3.75%
		Certificate of need	1.75%
		Licensure compacts	1.75%
		Nutrition continuing medical education	1.75%
		Scope of practice	1.75%
		Short-term limited-duration insurance	1.75%

Allowable Use of Funds

A state application must include the use of funds for at least three of the following purposes:

Prevention and chronic disease	Health care delivery systems
Provider payments	Behavioral health
Consumer-facing technology	Innovative models of care
Training and technical assistance	Infrastructure
Workforce	Strategic partnerships
Information technology	

Unallowable Uses and Limitations

The federal grant guidance identifies the unallowable uses of funding and limitations on funding for certain items. Funding may not be used for perpetual operating expenses or for services for which payment is available from another source. Additionally, funding cannot be used for new construction costs but potentially may be used for facility renovations linked to goals.

The amount of funding which may be used for certain items also is limited. The following funding limitations are included in the federal grant guidance funding for:

- Provider payments are limited to 15 percent of a state's annual allocation.
- Infrastructure enhancements are limited to 20 percent of a state's annual allocation.
- Administrative direct and indirect costs are limited to 10 percent per year.
- Replacement of an electronic medical records system is limited to 5 percent of a state's annual allocation.
- Initiatives similar to the federal Rural Tech Catalyst Fund may not exceed 10 percent of funding awarded to a state or $20 million during a budget period.

Application Requirements

State applications must include:

- A project narrative describing rural health needs, the target population, goals, partner engagement, performance measures, and sustainability.
- The Governor's endorsement that the application was completed with state agencies and the identification of a lead agency.
- A budget narrative assuming each state will have a $200 million annual budget.
- An indirect cost agreement detailing cost allocations.
- A business assessment to outline financial stability and internal controls.
- A program duplication assessment to ensure funding is not replacing or duplicating current programs.
- Supporting materials that support the application such as data tables and workplans.

Deadline

The deadline to submit a grant application is November 5, 2025.

PUBLIC INPUT

Ms. Aker discussed opportunities DHHS provided for public input regarding the state's application for the federal Rural Health Transformation Program grant. She noted:

- A total of 1,265 survey responses were received from providers and members of the public.
- The most identified areas for uses of grant funds were for workforce issues and prevention of chronic disease.
- Tribal entities identified priorities for community health challenges including prevention, behavioral health, workforce, transportation, and economic challenges.
- Over 350 individuals participated in the department's three listening sessions.

DEPARTMENT OF HEALTH AND HUMAN SERVICES PRIORITIES

Ms. Aker presented the following priority areas identified as a result of input received by DHHS regarding the state's application for the federal Rural Health Transformation Program grant:

Program Area	Initiatives
Strengthen and stabilize rural health workforce	Expand rural health care training Improve retention in rural and tribal communities Use technology as an extender for rural providers Provide technical assistance and training for existing workforce
Bring high-quality health care closer to home	Rightsize rural health care delivery systems Coordinate and connect care Create clinics without walls such as telehealth and mobile clinics Create sustaining revenue streams Ensure safety net service delivery Ensure transportation options
Make North Dakota healthy again	Build connection and resiliency with programs and communities Encourage healthy eating Invest in value-based health care Encourage physical activity
Connect technology and data	Create cooperative purchasing for technology and other health care infrastructure Break barriers to data sharing Utilize artificial intelligence and new technology

Ms. Aker, Ms. Donna Auckland, Chief Financial Officer and Ms. Pamela Sagness, Behavioral Health Executive Director, Department of Health and Human Services, responded to committee member questions.

The committee recessed at 3:50 p.m. on Tuesday, October 14, 2025, and reconvened at 8:30 a.m. on Wednesday, October 15, 2025.

COMMITTEE DISCUSSION

Committee members reviewed various proposals to be included in the grant application for the federal Rural Health Transformation Program and suggested other proposals to be considered. Ms. Aker responded to questions regarding the proposals including whether the proposals would be eligible for funding.

It was moved by Representative Stemen, seconded by Senator Hogan, and carried on a roll call vote that the committee support the department's preliminary plan for initiatives to include in the state's Rural Health Transformation Program application as presented to the committee with the following clarifications or additions, all of which must consider the sustainability of the initiatives:

1. **Expansion of rural grocery, nutrition, and food bank programs.**
2. **Assistance for rural grocery stores with information technology changes relating to the SNAP waiver.**
3. **Additional focus on dentistry and optometry services in rural areas including in schools.**
4. **Consideration of the possibility of providing grants in advance rather than on a reimbursement basis.**
5. **Improvements to information technology connections among pharmacists, medical providers, and other electronic medical records systems.**
6. **Expansion of federally qualified health centers.**
7. **Expansion of local public health units' or other providers' mobile services.**
8. **Utilization of metrics to ensure funding is distributed to areas of most need within the state.**
9. **Provide for the modernization of equipment of providers.**
10. **Provide for the purchase of ventilators with remote monitoring.**
11. **Provide for the upgrading of emergency response communications equipment in rural areas.**
12. **Expansion of helicopter air ambulance services.**
13. **Expansion of information technology equipment for disability-related services.**
14. **Scholarships for students in health-related occupations with a commitment that upon graduation the individual will serve in a rural community for a specified amount of time.**
15. **Provide for housing assistance.**
16. **Assistance with recruitment and relocation costs for rural provider staffing.**
17. **Inclusion of tribal colleges and tribal health systems.**
18. **Expansion of transportation services, mileage reimbursement, or stipends to access health services.**
19. **Inclusion of cultural programming.**
20. **Inclusion of tribal health data in shared evaluation metrics.**
21. **Assistance for nursing homes to renovate facilities to offer dementia care or other services and to acquire geriatric equipment.**
22. **Consideration of funding for senior meals programming.**
23. **Expansion of glucose monitoring and nutrition coaching by pharmacies or other providers and expansion of aging-related community services.**

24. Expansion of nutrition and related services provided by the North Dakota State University Extension Service.

Senators Bekkedahl, Clemens, Davison, Dever, Hogan, Magrum, Mathern, Roers, and van Oosting and Representatives B. Anderson, Beltz, Bolinske, Davis, Dobervich, Fegley, Frelich, Hendrix, Holle, Mitskog, Murphy, Nelson, Rios, Rohr, Ruby, Stemen, Vigesaa, Wagner, and Weisz voted "aye." No negative votes were cast.

POLICY CHANGES

Ms. Aker reviewed the following policy changes that may increase the state's grant application score:

- Require schools to adopt the Presidential Physical Fitness Test;
- Submit a SNAP waiver to prohibit the purchase of nonnutritious food;
- Require nutrition continuing medical education for physicians;
- Eliminate the nursing home and basic care bed moratorium;
- Join the physician assistant licensure compact;
- Expand the scope of duties for pharmacists and dental hygienists; and
- Create a telehealth licensing and registration system.

Ms. Aker noted DHHS has the authority to submit a SNAP waiver but the other policy changes require statutory changes.

It was moved by Senator Davison, seconded by Senator Roers, and carried on a voice vote to request the Legislative Council staff prepare a bill draft to require schools to utilize the Presidential Physical Fitness Test.

It was moved by Senator Mathern, seconded by Representative Rohr, and carried on a voice vote to request the Legislative Council staff prepare a bill draft to implement nutrition continuing medical education for physicians.

It was moved by Representative Frelich, seconded by Senator Magrum, and carried on a voice vote to not request a bill draft to repeal the nursing home and basic care bed moratorium.

It was moved by Senator Roers, seconded by Representative Weisz, and carried on a voice vote to request the Legislative Council staff prepare a bill draft for the state to join the physician assistant licensure compact.

Mr. Michael Schwab, Executive Vice President, North Dakota Pharmacists Association, provided comments regarding the expanded scope of practice request for pharmacists.

It was moved by Senator Roers, seconded by Representative Rohr, and carried on a voice vote to request the Legislative Council staff prepare a bill draft to expand the scope of practice for pharmacists relating to lab testing and prescriptive authority.

It was moved by Senator Roers, seconded by Senator Davison, and carried on a voice vote to not request a bill draft to to expand the scope of practice for dental hygienists.

Senator Roers noted she will work with various boards to review options for a bill draft to create a telehealth license and registration system.

Senator Mathern suggested representatives of DHHS work with the Legislative Council staff to prepare a bill draft, if necessary, to address any needs of the department to implement initiatives under the federal Rural Health Transformation Program that if approved, would increase the state's application score.

It was moved by Representative Ruby, seconded by Representative Nelson, and carried on a roll call vote to request the Legislative Council staff to prepare the bill drafts requested by the committee. Senators Bekkedahl, Clemens, Davison, Dever, Hogan, Magrum, Mathern, Roers, and van Oosting and Representatives B. Anderson, Beltz, Bolinske, Davis, Dobervich, Fegley, Frelich, Hendrix, Holle, Mitskog, Murphy, Nelson, Rohr, Ruby, Stemen, Vigesaa, Wagner, and Weisz voted "aye." No negative votes were cast.

OTHER BUSINESS

Mr. Pat Traynor, Interim Executive Director, Department of Health and Human Services, provided comments to the committee.

Chairman Bekkedahl announced the committee is tentatively scheduled to meet on Tuesday, October 21, 2025 at 12:30 p.m.

No further business appearing, Chairman Bekkedahl adjourned the meeting at 12:10 p.m.

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Allen H. Knudson
Legislative Budget Analyst and Auditor

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Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

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