RURAL HEALTH TRANSFORMATION COMMITTEE

Pursuant to a Legislative Management Chairman directive, the Rural Health Transformation Committee was assigned the following duties:

- Review the federal Rural Health Transformation Program;
- Recommend input to be provided to the Department of Health and Human Services (DHHS) on the state's application for a federal Rural Health Transformation Grant; and
- Develop 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.

Committee members were Senators Brad Bekkedahl (Chairman), Sean Cleary, David A. Clemens, Kyle Davison, Dick Dever, Kathy Hogan, Judy Lee, Jeffery J. Magrum, Tim Mathern, Kristin Roers, Desiree van Oosting, and Kent Weston and Representatives Bert Anderson, Karen A. Anderson, Mike Beltz, Mike Berg, Macy Bolinske, Jayme Davis, Gretchen Dobervich, Clayton Fegley, Kathy Frelich, Jared Hendrix, Dawson Holle, Dwight Kiefert, Alisa Mitskog, Eric J. Murphy, Jon O. Nelson, Nico Rios, Karen M. Rohr, Matthew Ruby, Gregory Stemen, Don Vigesaa, Scott Wagner, Robin Weisz.

FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM

Overview

The One Big Beautiful Bill Act (Section 71401 of Public Law 119-21) approved by Congress in 2025 authorized 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 to states as baseline funding and 50 percent of the funding is to be distributed to states 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 as follows:

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 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 identified 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 may not be used for new construction costs but may potentially be used for facility renovations linked to goals.

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

- 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 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.
- Materials that support the application such as data tables and workplans.

Public Input

The Department of Health and Human Services used various methods to gather input from members of the public regarding the state's grant application. The committee received the following updates regarding public input:

- 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.

Committee Considerations and Input

The committee recommended DHHS include the following items in the state's grant application:

1. Expansion of rural grocery, nutrition, and food bank programs.
2. Assistance for rural grocery stores with information technology changes relating to the Supplemental Nutrition Assistance Program 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. Modernization of equipment of providers.

10. The purchase of ventilators with remote monitoring.
11. The upgrade 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. 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.

Completed Grant Application

The committee reviewed the final grant application submitted by the state. The application was based on an assumed award of $200 million per year for 5 years. The following major initiative areas were included in the grant application, including the percentage of the total grant award allocated to each initiative area and components included in each initiative:

Initiative	Percent of Total Budget	Components
Bring high-quality care closer to home	58.4%	Coordinating and connecting care, ensuring transportation, ensuring safety net service delivery, providing clinics without walls, sustaining revenue, and rightsizing rural care
Connect technology, data, and providers	16.8%	Supporting consumer-focused applications, harnessing new technology, purchasing cooperative technology and infrastructure, and breaking data barriers
Strengthen and stabilize rural health workforce	16.2%	Training for existing workforce, developing technology as an extender, improving retention, and expanding rural training opportunities
Make North Dakota healthy again	8.6%	Investing in value, building connections and resiliency, and establishing a North Dakota Moves Together Program and an Eat Well North Dakota Program

Grant Award

On December 29, 2025, the state was notified of the results of its grant application. The state was awarded $198,936,970 of funds to use for initiatives during federal fiscal year 2026. The state must obligate the funds awarded by September 30, 2026, and spend the funds by September 30, 2027. Any funds not obligated or spent by the deadlines revert to the federal government.

Committee Recommendations for Bill Drafts

The committee recommends the following bill drafts:

- A bill draft to require schools to utilize the Presidential Physical Fitness Test.
- A bill draft to require a nutrition component for physician continuing education requirements.
- A bill draft for the state to join a physician assistant licensure compact.
- A bill draft to expand the scope of practice for pharmacists relating to laboratory testing and prescriptive authority.
- A bill draft to appropriate estimated federal grant funds to be received in federal fiscal years 2026 and 2027 and to provide various exemptions and provisions to allow DHHS to obligate and spend the funds within the federal deadlines.