California Rural Health Transformation (CalRHT) FAQs

November 12, 2026

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The CalRHT Program is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling $464,745,131.25 with 100 percent funded by CMS/HHS. The contents are those of CalRHT and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

Section 1: Program Overview

1. What is the federal Rural Health Transformation Program (RHTP) and what is California's Rural Health Transformation (CalRHT) Program?

The RHTP is a Centers for Medicare & Medicaid Services (CMS) Program created in federal law and funded at $50 billion over five years to help states improve rural health access, quality, and outcomes through health system transformation. California's approach is the CalRHT Program, led by the Department of Health Care Access and Information (HCAI), and built around three interrelated initiatives: the Transformative Care Model, Workforce Development, and Technology & Tools.

2. What are the Budget Periods, and when does funding need to be drawn down?

The Centers for Medicare & Medicaid Services (CMS) established five budget periods for the Rural Health Transformation Program (RHTP), beginning in 2025 and concluding in 2030. Except for Budget Period 1, each budget period begins on October 31 and ends on the following October 30. RHTP Budget Periods are:

- Budget Period 1: December 29, 2025 – October 30, 2026
- Budget Period 2: October 31, 2026 – October 30, 2027
- Budget Period 3: October 31, 2027 – October 30, 2028
- Budget Period 4: October 31, 2028 – October 30, 2029
- Budget Period 5: October 31, 2029 – October 30, 2030

All received subrecipient funding must be obligated within the applicable budget period and drawn down by September 30 of the following year. For example, funding awarded during Budget Period 1 must be drawn down by September 30, 2027. For a complete list of allowable uses and funding restrictions, please refer to pages 18–22 of the CMS Notice of Funding Opportunity (NOFO) and review the CMS FAQ.

3. Does Centers for Medicare & Medicaid Services (CMS) allow rollover of any Rural Health Transformation Program (RHTP) funding that is not spent in a budget period?

No. CMS does not allow rollovers of unspent Rural Health Transformation Program (RHTP) funds beyond the federally defined spending deadline. Any unspent funds are then redistributed to other states as required under federal law.

4. Can an organization apply to more than one California Rural Health Transformation (CalRHT) grant, or participate in multiple grants?

Yes. Provided the organization meets each grant eligibility requirement. Grant funding activities must not overlap or duplicate one another. For example, an organization may participate in Workforce Development Recruitment and Retention (WDRR) and Electronic Health Record (EHR) Modernization grant funding.

5. How are administrative, indirect, and direct program costs defined and calculated under California Rural Health Transformation (CalRHT) Program?

Direct Costs are expenses that can be specifically identified and directly attributed to CalRHT-funded activities. Examples include employee time spent directly on CalRHT work, supplies, training, and travel needed to carry out CalRHT initiatives. Centers for Medicare & Medicaid Services (CMS) defines direct costs as those that can be “identified specifically with a particular final cost objective… with a high degree of accuracy.”

Indirect Costs are expenses incurred for common or shared organizational functions that support CalRHT-funded activities but cannot be traced to a single program activity. These include shared administrative support, facilities, utilities, and technology systems. They are allocated using a federally approved indirect cost rate

or the allowable de minimis rate (15%). Indirect costs are defined in federal regulation as costs incurred for “common or joint objectives.”

Program Costs are direct and indirect expenses necessary to design, implement, operate, and evaluate activities under the CalRHT Program. These costs may include data collection and reporting, quality improvement initiatives, health information technology, training and technical assistance, community engagement, contracted services, travel, and other expenses that support achievement of program goals. Program costs should be reasonable, necessary, allocable to the project, and consistent with applicable CMS and federal funding requirements.

Administrative Costs are direct and indirect expenses associated with managing and overseeing CalRHT-funded activities, but which are not attributable as Program Costs. Examples include staff time for grant administration, fiscal oversight, and other general activities not in direct support of fulfilling the program objectives.

For further details about CMS requirements, please refer to their RHTP FAQs**.**

6. Can partners or agreement terms change after an award?

Changes may be possible, but they are not automatic and must be reviewed carefully. Any changes require prior written approval from Centers for Medicare & Medicaid Services (CMS). If a change is needed, subrecipients should contact the CalRHT Program and provide details of the proposed change for review.

7. Who is the day-to-day program lead and best contact information for the CalRHT Program?

The CalRHT Program is led by the Director for California Rural Health Transformation. For CalRHT questions, please email CalRHT@hcai.ca.gov.

8. Where can I find CalRHT Program materials?

Program materials for CalRHT can be found on the CalRHT webpage.

You can also sign up to receive emails and updates on CalRHT Program, by subscribing to the Rural Health News and Updates mailing list.

Section 2: CalRHT Initiatives

Transformative Care Model

9. What is the Transformative Care Model (TCM) and what will it do?

The Transformative Care Model (TCM) establishes Rural and Regional Care Collaboratives using a hub-and-spoke model to strengthen partnerships across rural hospitals, clinics, and other health professionals, including Tribal partners.

The initiative addresses challenges in accessing high-quality primary, maternity, specialty, and whole person care. For more details, see the CalRHT Project Narrative.

You can learn more about the program and grant funding opportunities on the CalRHT Grant Funding Opportunities site.

10. Where can more information be found on the TCM?

Additional information on TCM, including accelerator partners, hub-and-spoke models, and implementation design, is available in the CalRHT Project Narrative and Budget Narrative.

Workforce Development

11. What is the Workforce Development initiative?

The Workforce Development initiative is designed to build, grow, and sustain a locally rooted healthcare workforce in rural communities by strengthening education pathways, expanding training opportunities, and improving the recruitment and retention of physicians, allied health professionals, and other health professionals.

The initiative focuses on creating long-term workforce capacity by:

- Connecting students to healthcare career pathways from K–12 through higher education
- Expanding clinical training, rotations, and rural placement opportunities
- Supporting current health professionals with ongoing training, upskilling, and certification
- Providing incentives such as recruitment, retention and relocation support to eligible organizations to retain health professionals already practicing in rural communities and to recruit or relocate eligible health professionals to qualifying rural sites

Partners are encouraged to monitor the CalRHT webpage for the most up-to-date information. More information may also be found in the CalRHT Project Narrative.

12. Who does the Workforce Development Initiative support?

Workforce Development supports a broad group across rural communities, including students, early-career professionals, and current health professionals. It focuses on individuals pursuing or advancing careers in primary care, maternity care, behavioral health, and allied health roles in organizations such as rural hospitals, clinics, and Tribal health programs that all rely on a stable workforce.

Technology & Tools

13. What is the Technology & Tools initiative?

The Technology & Tools initiative focuses on strengthening the technology infrastructure and digital capabilities of rural hospitals, clinics, and other health professionals so they can deliver high-quality, coordinated, and efficient care.

The initiative supports:

- Modernization of health technology systems
- Improved access to telehealth and digital care tools
- Stronger data sharing and interoperability
- Enhanced cybersecurity and system reliability

Partners are encouraged to monitor the CalRHT webpage for the most up-to-date information. More information may also be found in the CalRHT Project Narrative.

14. What types of technology investments are supported under this initiative?

Technology & Tools supports high-level investments in modern health technology systems and digital infrastructure that enable rural health professionals to deliver coordinated, efficient, and high-quality care. These include upgrades to core systems such as Electronic Health Records (EHRs) and practice management tools, expansion of telehealth and e-Consult capabilities, improvements to data sharing and interoperability, strengthened cybersecurity, and adoption of patient-facing digital tools. Investments are delivered through grants, shared services, and technical assistance to ensure health professionals can successfully implement and sustain these technologies.

Links to existing frequently asked questions (FAQs) for budget period 1 grants:

- Workforce Development Recruitment & Retention
- Electronic Health Records (EHR) Modernization
- Tribal Set-Aside

Section 3: Eligibility

15. How do I know if my organization is eligible to apply for a CalRHT grant opportunity?

Applicants should review CalRHT grant guides for specific RFA eligibility criteria and the CMS NOFO allowable uses to confirm your organization type, service area, and proposed activities meet the program requirements. If they align, your organization, project, or program is eligible to apply.

Applications are open to a range of provider and non-provider organizations, including but not limited to nonprofits and community-based organizations and state/local agencies, on the condition that services are delivered or support the coordination of service delivery to rural communities as defined by Health Resources and Services Administration (HRSA) and advance the goals of rural health transformation outlined by the CalRHT Program approved CMS.

16. How is “rural” defined for eligibility?

CalRHT uses the federal definition of rural established by the Health Resources and Services Administration (HRSA). Applicants can determine whether their service

areas qualify by using the Health Resources and Services Administration (HRSA) Rural Health Grants Eligibility Analyzer, which is the standard tool referenced by both CalRHT and CMS.

17. Do organizations need to be located in rural areas?

Any organization that provides program services in rural communities in California may be eligible to apply for CalRHT funding. Services must be in a rural location, but an organization's headquarters can be based in non-rural locations. Traveling services may be eligible if their proposed activities clearly serve rural populations and meet program requirements as approved by CMS. Partnering with a rural California organization is not required but is encouraged.

Applicants who are located in a rural community, such as a clinic or hospital, may include in their proposals the use of services from a non-rural organization.

Section 4: Application Process

18. How do I apply for funding?

Applications will be submitted through Request for Applications (RFAs) posted on the CalRHT webpage. These materials will guide applicants in preparing complete and competitive proposals aligned with program expectations.

19. Who is the primary contact person for the CalRHT grant application process?

HCAI will serve as the primary point of contact for the CalRHT application process. A general program contact and application support information will be provided with each Request for Application (RFA), and some initiatives may identify additional or initiative specific contacts as appropriate. All official points of contact will be clearly listed in the RFA materials. CalRHT will offer technical assistance to answer grant application questions.

20. Are applicants expected to apply for longer-term five (5) year projects due to the funding approach from the Centers of Medicare and Medicaid Services (CMS)?

Applicants should focus on the period of performance defined in each RFA. CMS funding is for single Budget Year increments. CalRHT first year awards will be structured in phased milestone-based allotments, with an emphasis on the subrecipient successfully administering the first grant award by September 2027. Applicants can include their planning and strategy for long-term impact and sustainability. Applicants may include anticipated budgets for additional program years, but the initial grant determination will be based on 2026-2027 program plans and related budget.

21. What are the evaluation and reporting requirements? Is it expected that organizations work with an external evaluator?

Evaluation and reporting requirements will be defined in each RFA and grant agreement. Subrecipient requirements will align with CMS and HCAI reporting expectations. Subrecipients will be required to meet federal grant reporting expectations. Proposals should demonstrate a clear and feasible approach to performance measurement, monitoring, and reporting. Specific evaluation expectations will be outlined in the RFA.

Subrecipients are not required to partner with an external evaluator but may choose to do so. Post-award, the Rural Technical Assistance Center (RTAC) will assist and support subrecipients in meeting the grant reporting requirements.

Section 5: Grant Funding

22. When will CalRHT subrecipients receive their funding?

Prior to receiving any funding, every applicant will undergo a review of the submitted proposal and budget. An HCAI review panel will conduct this review and either:

a) approve the CalRHT award,

b) request modifications from the subrecipient or negotiate the CalRHT grant award, or

c) deny the CalRHT award.

CalRHT will notify the subrecipient of the final award amount and the terms for disbursement.

23. How will the funding be allocated?

Funding decisions are based on the merit of each application, including alignment with CalRHT goals, readiness for implementation, and the overall availability of funds. CalRHT may award full, partial, or no funding depending on the strength of the proposal.

24. When and how is funding distributed?

Funding is distributed after CMS approval and completion of the contracting process. Because timelines may vary by applicant, funds are typically released on a rolling basis rather than all at once.

25. What can funds be used for?

CalRHT funds may be used to support activities such as evidence-based care, care coordination, rural collaboration, regional collaboration, workforce development, and technology implementation that improve rural health care. However, funds cannot be used to pay for direct patient care or to duplicate existing funding sources, in accordance with CMS rules. For a complete list of allowable uses and funding

restrictions, please refer to pages 18–22 of the CMS NOFO and review the CMS FAQ.

26. What are restrictions as to how funds can be used?

CalRHT grants cannot be used to pay for direct patient care from clinicians, allied health professionals, hospitals, and other health professionals. The CMS NOFO states that any use of funds is non-duplicative and non-supplanting of any existing federal program funding. For a complete list of restrictions, see pages 18-22 of the CMS NOFO and the CMS FAQ.

27. How flexible will budgets be once awarded (e.g., reallocation across workforce, IT, care models)?

Subrecipients may propose reallocation of their budgets which CalRHT will review on a case-by-case basis and request CMS approval if CalRHT concurs with the proposed reallocations.

Section 6: Tribal Set-Aside

28. What is the Tribal Set-Aside with the California Rural Health (CalRHT) Program?

The Tribal Set-Aside is a Budget Period 1 (BP1) noncompetitive program award. The Department of Health Care Access and Information (HCAI) is allocating $11.65 million of CalRHT funds to provide support to the rural Tribal healthcare delivery system. Eligible applicants are Tribal Health Programs (THPs) owned and operated by federally recognized Tribes that meet specific federal and state criteria.

29. Will there be any additional support services provided for Tribal Communities?

Yes. HCAI is working with California Rural Indian Health Board (CRIHB) to serve as a liaison and provide support services to Tribes and Tribal Health Programs (THPs) participating in California Rural Health Transformation (CalRHT) funded programs. CRIHB will serve as the CalRHT Tribal Technical Assistance entity and provide the following support:

- **Pre-Award Technical Assistance:** Increasing Tribal access to funding opportunities and helping applicants understand requirements and submit complete, ready-to-review applications.
- **Grant Management and Implementation Support:** Supporting THPs in successful implementation of funded programs
- **Financial and Reporting Support:** Strengthening Tribal capacity to meet financial, performance, and compliance reporting requirements.
- **Training and Capacity Building:** Building long-term administrative and programmatic capacity within THPs.
- **Data Quality and Performance Improvement:** Improving data quality, reporting accuracy, and program performance outcomes.
- **Tribal Liaison and Coordination Services:** Serving as the primary liaison between THPs, HCAI, and the Program Grant Administrator.

- **Compliance and Monitoring Support:** Supporting Tribal subrecipients in maintaining compliance with all grant requirements.

Section 7: Rural Technical Assistance Center (RTAC)

30. What is the Rural Technical Assistance Center (RTAC)?

The Rural Technical Assistance Center (RTAC) is a centralized support hub that provides guidance, tools, and expertise to CalRHT applicants and subrecipients.

RTAC will connect eligible rural health organizations with technical assistance, training, peer learning, and practical tools to support successful implementation of CalRHT-funded programs and rural health transformation activities.

Available RTAC support services include:

- **Technology and Digital Health**: Planning, implementation, optimization, and adoption support for Electronic Health Records (EHR), telehealth, health information exchange, remote monitoring, and digital health tools.
- **Cybersecurity and Risk Readiness**: Assessment, planning, security controls, data protection strategies, and preparedness guidance.
- **Organizational Readiness and Change Management**: Training, workflow adoption, staff augmentation, change management, and technical assistance to support new care models and technologies.
- **Clinical and Operational Improvement**: Clinical care pathway implementation and workflow redesign, performance improvement, quality improvement, and regional coordination support to strengthen care delivery and improve outcomes.
- **Shared Resources and Learning**: Templates, toolkits, office hours, expert guidance, peer learning, and resources.

Section 8: Rural Health Policy Council (RHCP) & Partner Engagement

31. What is the Rural Health Policy Council (RHPC)?

The Rural Health Policy Council (RHPC) is an advisory group comprised of rural healthcare partners and experts whose role is to provide information and advice to HCAI on the design and implementation of the California Rural Health Transformation (CalRHT) Program, and general issues affecting health in rural communities.

RHPC members discuss policy questions, propose ideas, and share information about the CalRHT Program with their communities. The Council does not have decision-making authority related to the administration of the program but serves as an important forum for partner and public engagement. For more details, see the RHPC webpage.

32. How are partners identified for the Rural Health Policy Council? Is there an interest form or other application opportunity?

The HCAI Director appointed members to the RHPC in June 2026 with public announcements in July 2026. Members were selected based on rural health experience and subject matter expertise to ensure broad representation and relevant experience on the Council. If you are interested in being considered for future Council appointments, you can email your resume and an expression of interest, which does not guarantee appointment to CalRHT@hcai.ca.gov.

33. How will you include community input to ensure change meets the needs of the community and honors their voice?

CalRHT incorporates partner input through multiple channels. Ongoing engagement includes the CalRHT webpage as the central hub for program information, updates, timelines, plus a dedicated email inbox (CalRHT@hcai.ca.gov) for questions. The CalRHT webpage and emails will also offer an opportunity to subscribe to a CalRHT mailing list for updates. In addition, the RHPC will be a public forum for rural health partners to discuss CalRHT Program implementation.

34. How can partners provide input and stay engaged with the CalRHT Program?

CalRHT incorporates partner and community input through multiple channels. Ongoing engagement includes the CalRHT webpage as the central hub for program information, updates, timelines, plus a dedicated email inbox (CalRHT@hcai.ca.gov) for questions. The CalRHT webpage and emails offer an opportunity to subscribe to a CalRHT mailing list for updates. In addition, the RHPC is a public forum for rural health partners to discuss CalRHT Program implementation.

Section 9: Reference Links

Please review the resources below for any further questions, and if not found there, contact the email below.

- HCAI CalRHT webpage
- CalRHT Grant Funding Opportunities - HCAI
- Rural Health Policy Council - HCAI
- Centers for Medicare & Medicaid Services (CMS) RHT Program webpage
- CMS RHT Program FAQs - October 2025
- CMS Notice of Funding Opportunity (NOFO)

For questions regarding **grant applications**, please contact us at info@calruralhealth.org or call 855-CAL-RHTP (855-225-7487).

For **general CalRHT questions,** contact the team at CalRHT@hcai.ca.gov.