Accelerating rural health transformation: embracing an innovation mindset

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EY Parthenon

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Executive summary

The rural health transformation program (RHTP) represents a $50 billion, five-year grant funding opportunity for state government health and human services leaders.[1] The goal of the RHTP is to inspire innovation and cross-ecosystem collaboration so that healthcare services are sustainably delivered and the unique needs of rural residents are more effectively met. Over the next five years from 2026 to 2030, states with approved RHTP applications will receive an estimated $200 million per year for state-driven investments in approved uses of funds to address five RHTP strategic goals, including preventive health innovations, innovative care models, sustainable access, use of innovative technologies, and recruitment and retention of rural health providers.

While the RHTP grant opportunity is a welcome federal investment to address gaps in rural health access, the grant's "stage-gate" funding model introduces significant program design and delivery risks for state government leaders. Specifically, this stage-gate funding model differs from traditional block grants or formula-based funding approaches by linking a state's annual funding to the progress achieved on rural health initiatives and milestone-based performance measures outlined in each state's rural health transformation plan and application. If defined progress goals or outcomes are not delivered by milestone dates, states face potential claw-back provisions and/or reductions in future funding allocations.[2] The first evaluation period is less than two years, suggesting a need for a fast and effective program launch.

In this way, the RHTP stage-gate funding approach shifts the state's role from simply distributing grant funds and facilitating required reporting to actively managing a portfolio of initiatives to deliver results. This will require establishing a dedicated, experienced team and a structured approach for engaging rural health stakeholders in detailed initiative planning and ongoing evaluation. Transforming rural health also will require public and private sector collaboration to reimagine care delivery models and help implement technologies such as telehealth and remote monitoring, artificial intelligence (AI)-enabled mobile apps, closed-loop referral platforms, and data standards to enable secure, bidirectional data sharing. The pace, magnitude, and complexity of change necessary to achieve RHTP progress goals requires that state agency leaders embrace an innovation mindset by defining an integrated, outcomes-focused strategic roadmap of RHTP initiatives and establishing a dedicated team with sufficient staff capacity to actively manage the ebbs and flows of implementation with rural health community stakeholders.

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[1] Activating H.R.1: Driving horizontal innovation in the social safety net, September 2025.
[2] CMS Rural Health Transformation Program Overview, NOFO CMS-RHT-26-001 and FAQs, accessed November 2025.

A new way of thinking: embracing an innovation mindset

The starting point for any journey is a clear roadmap for where you are and where you are going. In response to the RHTP grant opportunity, each state submitted its application outlining a vision for the future of rural health and identifying several focus areas for investment to address gaps in care. Given accelerated timeline of the RHTP grant application process, it is likely that many states will need to develop much more specific strategies and operational plans for initiative execution. This will require cross-agency and cross-ecosystem collaboration between public and private sector rural health stakeholders, including hospitals and healthcare providers, pharmacists, employers and health insurance payers, federally qualified health centers, local health departments, community-based organizations and others.

Today, many state government health and human services agencies do not have sufficient capacity and experience with cross-sector, stage-gate innovation programs to successfully manage implementation of the state's RHTP initiatives. The existing grants management playbook and toolkit is still required but will not be sufficient to deliver on RHTP commitments. To be successful, state agency leaders must overcome inherent structural, operational and cultural challenges to realize the full value and impact of these grant funds. This will require an integrated roadmap for rural health transformation.

Potential challenges to delivering RHTP outcomes

Fragmented, siloed agency structures and programs

Isolated governance and outcome measures reinforce silos

Limited data sharing between ecosystem stakeholders

Legacy technology platforms inhibit pace of change

Inconsistent policies and processes limit impact

Defining a roadmap for rural health transformation

At Ernst & Young LLP (EY US), our experience leading similar large-scale, complex transformations in the public and private sector has informed our perspective on what an integrated rural health transformation roadmap should include, as illustrated below.

1   RHTP strategic planning

The vision, strategies and initiatives submitted with each state's RHTP plan and application may not include the level of detail required for successful implementation. The first step on each state's RHTP journey should be to design an integrated, five-year strategy and roadmap of initiatives for rural health transformation. This RHTP roadmap can enable state agency leaders to engage rural health community stakeholders to refine and align priorities and action plans. Additionally, it will be critical to establish a dedicated internal team and invest in enabling technology tools for integrated program management, grants management, compliance and reporting. In our experience, this internal team should be structured as a strategic command center (SCC) with program decision authority and sufficient capacity to enable cross-agency, cross-ecosystem collaboration and to support community-level initiative execution.

2   RHTP ecosystem capabilities and infrastructure building

As RHTP strategic planning progresses, state agency leadership should consider establishing an RHTP stakeholder advisory council to align cross-ecosystem stakeholders on shared priorities and collective actions. This might include the design and launch of data interoperability strategies and standards-based data models to enable trust-based data sharing and collaboration. State agency leaders and analytics teams should actively engage the state health information exchange (HIE), office of rural health, universities and other community collaborators to align data sharing standards, expectations and trusted data use agreements. Additionally, state agency leaders and community collaborators should be teaming up on communication and launch planning for identified RHTP initiatives to accelerate implementation and adoption following launch.

3   RHTP execution and sustainability

In parallel, state agency leaders should be aligning internal grant funding processes and capabilities with federal RHTP monitoring and reporting requirements to mitigate compliance risks. In many cases, this may require a grants management tool like the EY Grants Accelerator (EYGA) as well as technical assistance for subrecipients to efficiently manage RHTP grants from application assistance through grant issuance, compliance monitoring, documentation and reporting.[3]

At the end of each budget period, state agency leaders will need to reengage rural health community stakeholders (potentially through an RHTP stakeholder advisory council) to revisit RHTP priorities, outcome measures, initiative timeline, budget estimates and long-term financial sustainability strategies based on evolving community rural health needs.

Click here to explore EY Grants Accelerator (EYGA)

EYGA is a FedRAMP (federal risk and authorization management program) authorized, rapidly deployable integrated grants management solution for evaluation, disbursement and monitoring so that states can quickly get funding out to communities.

Building a team for rural health transformation

To get started, state health and human services agency leaders will need a dedicated, experienced internal team to successfully deliver commitments outlined in their RHTP grant application. This internal team should be structured as a strategic command center (SCC) and enabled with program management and grants management tools to efficiently and effectively manage delivery of the state's rural health transformation initiatives and milestone-based outcomes measures. An SCC is a centralized hub for strategic planning and operations that collects, analyzes, and shares information and technical assistance to coordinate initiative implementation and support decision-making.

Key components of a strategic command center

Strategic Command Center

Visibility

- Provides **a single source of truth** for a large portfolio of initiatives
- Drives **strategic alignment across agencies and stakeholders** via formal forums
- **Standardizes reporting** so everyone sees the same data, metrics, and benefit realization

Accountability

- Establishes **clear governance structures** and decision rights
- Requires formal business cases for each initiative, defining **success and tracking benefit realization**
- Implements **risk management and change control** frameworks to identify issues early, unblock them in real time, and de-risk execution
- Maintains an **audit trail for decisions**

Consistency

- Applies **guardrails to prioritize investments** before significant resources are committed
- Creates **integrated milestone plans** across stakeholders to avoid duplication and foster execution discipline
- **Coordinates communications and change management** to minimize disruption and set teams up for success

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[3] EY Grants Accelerator (EYGA) website, accessed November 2025.

The SCC team construct will be critical for state agency leaders to manage across the portfolio of initiatives, implementation timelines, and outcomes committed in the RHTP grant application. As described above, states risk potential clawback provisions and reductions in future funding allocations if they are unable to successfully implement RHTP initiatives and deliver targeted outcomes within specified timelines. The size, complexity and delivery risk of managing RHTP implementation across multiple initiatives, subrecipients and external community collaborators necessitates establishment of an SCC structure.
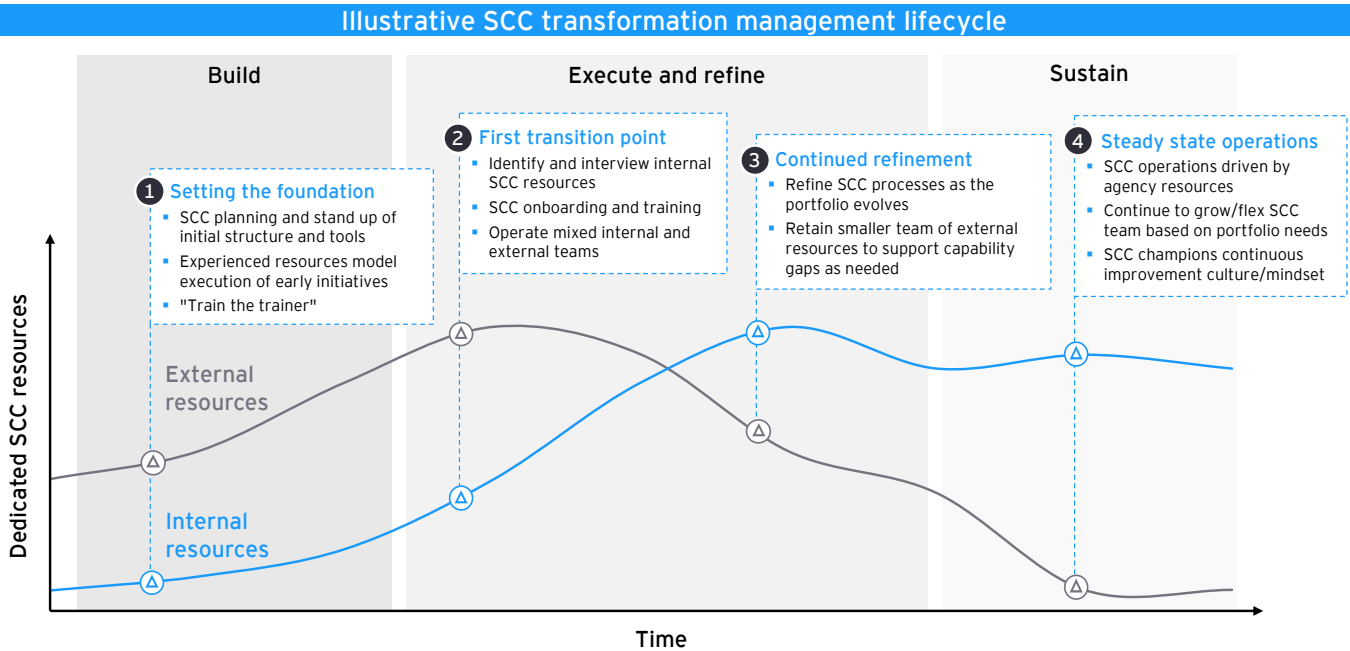
The SCC structure helps de-risk implementation by providing program-level visibility, accountability and consistency for the state's RHTP delivery efforts. As a single source of truth for the portfolio of RHTP initiatives, the SCC would integrate initiative milestone plans, timelines and status reporting. The SCC would align agency leadership and external rural health stakeholders to coordinate efforts and improve efficiency. This centralized RHTP leadership structure would provide overall program governance and accountability for delivery results. For state agency leaders responsible for the RHTP, the SCC structure is a strategic imperative.

To enable the internal SCC team, states should utilize a digital program management tool and grants management platform to support implementation of the state's RHTP initiatives. A digital program management tool supports the development of an integrated, outcomes-focused initiative roadmap to coordinate and communicate RHTP status and progress goals to rural health stakeholders. Similarly, a grants management platform streamlines and accelerates grants distribution while minimizing compliance risks through standardizing documentation and reporting. Together, these technology enablers should be considered essential tools for state agency leaders and SCC teams to systematically execute the RHTP plan.

Building capability over time

To staff the SCC team, state government health and human services need additional capabilities and capacity. Finding the right transformational leaders will take time, which could significantly delay RHTP implementation and create risk of falling short on RHTP outcome commitments. One viable alternative is to reassign existing state agency leaders and support them with external resources to build capacity for innovation within the state government organization and among staff reassigned to this effort.

This learning-by-doing approach would accelerate RHTP implementation while building organizational capability. The mix of internal and external resources will flip over time as the state's internal SCC team builds capability and gains experience with leading the RHTP transformation.

Illustrative SCC transformation management lifecycle

Build

Execute and refine

Sustain

1 Setting the foundation
- SCC planning and stand up of initial structure and tools
- Experienced resources model execution of early initiatives
- "Train the trainer"

2 First transition point
- Identify and interview internal SCC resources
- SCC onboarding and training
- Operate mixed internal and external teams

3 Continued refinement
- Refine SCC processes as the portfolio evolves
- Retain smaller team of external resources to support capability gaps as needed

4 Steady state operations
- SCC operations driven by agency resources
- Continue to grow/flex SCC team based on portfolio needs
- SCC champions continuous improvement culture/mindset

External resources

Internal resources

Dedicated SCC resources

Time

Embarking on the rural health transformation journey

The rural health transformation program (RHTP) introduces a unique opportunity for state government health and human services agencies to reimagine the future. However, this journey is not without risks. States have outlined specific RHTP initiatives, timelines, budgets and outcomes that must be delivered by specified annual milestones. State agency leaders should consider three steps to accelerate rural health transformation:

1 Develop an integrated, outcomes-focused strategic roadmap of initiatives with clear milestones implementation and delivery of committed progress goals.

2 Establish an internal SCC team and enable them with digital program management and grants management tools.

3 Define a recurring 60- to 90-day action plan to instill a sense of urgency and align stakeholders on immediate next steps.

For state government leaders, the clock is already ticking to deliver results on rural health transformation commitments. To de-risk implementation, state government leaders must embrace an innovation mindset.

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