PYA Let's Get Rural: Key Policy, Payment, & Program Changes Shaping Rural Care in 2026

Presented January 15, 2026 by PYA's Martie Ross and Kathy Reep | Part of the Let's Get Rural Webinar Series

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WEBINAR SUMMARY

This episode of PYA's Let's Get Rural webinar series reviews major federal policy and payment developments that will influence rural healthcare operations in 2026. The discussion highlights the structure and intent of the Rural Health Transformation Program (RHTP) and explains how states and providers may engage with it. The presenters also examine Medicare telehealth policy, Medicare Advantage oversight, 340B compliance, and emerging alternative payment models affecting rural providers.

Key topics include:

- Key policy, payment, and program changes shaping rural healthcare in 2026
- The Rural Health Transformation Program (RHTP): $50 billion to states over five years ($100 million in baseline funding and $2.5 billion in workload funding); states must obligate funds by October 30, 2026, and expend them by October 30, 2027; RHTP focuses on innovation and efficiency, with 25% of funds based on state scores and application quality
- Medicare telehealth extensions
- 340B drug pricing survey compliance
- Medicare Advantage Star measures reforms, emphasizing the need for detailed state budgets and provider engagement
- New Medicare Advantage plans online complaint tool, which captures complaint details and is reviewed by CMS

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What is the Rural Health Transformation Program?

- The program provides federal funding to states to support innovation and efficiency in rural healthcare delivery rather than direct reimbursement to providers.

How may the Rural Health Transformation Program affect rural hospitals?

- Hospitals may benefit indirectly by participating in state-led initiatives funded through the program.

What Medicare telehealth policies are rural providers watching for 2026?

- Providers are monitoring whether current telehealth flexibilities are extended and how future coverage rules may change.

Why is Medicare Advantage oversight important for rural providers?

- Oversight affects payment accuracy, plan accountability, and dispute resolution for providers treating Medicare Advantage patients.

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What 340B issues were discussed in the webinar?

- The session addressed drug pricing oversight, compliance considerations, and data reporting requirements for outpatient drugs.

How do alternative payment models factor into rural healthcare planning?

- New models may shift reimbursement toward value-based structures that affect care coordination and financial performance.

ACTION ITEMS

- Register a point of contact and submitter for the Medicare Outpatient Drug Acquisition Cost Survey (ODAC) portal and prepare to report net acquisition costs for listed drugs for July 2024–June 2025; portal open now and reporting closes March 31 (complete registration and data submission by March 31)
- Evaluate legal/compliance implications of ODAC survey non-response and determine internal plan to respond, because CMS may use assumptions for non-responders that could affect future outpatient drug payment rates
- Update the hospital machine-readable file to meet the new price-transparency requirements (report 10th, median, 90th percentiles and code counts for payer contracts based on remit data) and ensure it is updated at least annually; be ready for enforcement beginning April 1
- Consider submitting comments on the Medicare Advantage 2027 technical changes proposed rule (comments due January 26) particularly concerning proposed changes to star measures and complaint-related measures
- Use the Medicare Advantage provider complaint online form to report plan issues (capture beneficiary/provider/plan details) and monitor CMS complaint triage process for plan oversight
- Submit a revised Rural Health Transformation Program (RHTP) budget to CMS that details how the state will expend awarded funds and any additional dollars, due January 30 (states must provide detailed budgets and procurement plans to enable CMS release of funds)
- Review your state's RHTP Notice of Award and determine allowable initiatives; prepare detailed budgets and procurement steps so funds can be obligated by October 30, 2026 and expended by October 30, 2027 (obligation and expenditure timing requirements)
- Hospitals and providers review their state's RHTP plan summaries, identify funding opportunities, and prepare to engage with state program officers and procurement processes to obtain awards under the state plan

WEBINAR OUTLINE

Introduction and Overview of New Changes and Impacts for Rural Healthcare in 2026

- PYA Moderator introduces the webinar and the topic: Key Policy, Payment, and Program Changes Shaping Rural Care in 2026.
- Martie Ross thanks the audience and explains the purpose of the webinar series, which focuses on issues specific to rural providers twice a year.

Overview of Rural Health Transformation Program (RHTP)

- Martie Ross explains the RHTP was created to offset the negative impact on rural hospitals due to Medicaid reduction spending, but it is not a direct offset.
- She further details the RHTP is a $50 billion, five-year program aimed at transforming rural healthcare delivery through innovation and efficiency.

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- Martie notes the program is divided into baseline funding ($100 million per state annually) and workload funding ($2.5 billion per state annually based on state scores and application quality).

Details of RHTP Funding and State Requirements

- Martie Ross explains the allocation of RHTP funds: $100 million in baseline funding and $2.5 billion in workload funding.
- She explains workload funding is based on state scores in rural health factors and the quality of the application submitted.
- Martie details states must submit a five-year budget based on receiving $200 million each year, with a limit of 10% on administrative costs.
- She stresses funds must be obligated by October 30, 2026, and expended by October 30, 2027, with no carryover allowed.

Implementation and Challenges of RHTP

- Kathy Reep clarifies that funds must be expended by the federal fiscal year, not the state fiscal year.
- Martie Ross discusses the implementation of work requirements through 2026, which could impact Medicaid funding and uncompensated care.
- Martie and Kathy discuss that states must submit revised budgets to CMS by January 30, 2023, detailing how they will expend the additional funds.
- Martie notes CMS requires a significant level of detail in state budgets, including specific expenditures and justifications.

State Applications and Initial Funding Awards

- Martie Ross explains the process of state applications and the release of funding awards on December 29, 2022.
- She highlights awards, mentioning Texas received the most funding at $281.3 million, while New Jersey received the least at $100.147 million.
- Martie and Kathy explain that states must obligate funds by October 30, 2026, and expend them by October 30, 2027, with any unobligated funds redistributed.
- Martie notes CMS has a lean staff, and states are experiencing delays in receiving funds due to the detailed budget requirements.
- Martie Ross encourages attendees to review their state's RHTP plan and engage with state legislators to secure funding.
- Kathy Reep emphasizes the importance of educating state legislators and federal delegations about the RHTP's long-term process.

Medicare Telehealth Coverage and Congressional Actions

- Kathy Reep discusses the status of Medicare telehealth coverage and the potential impact of Congressional actions on January 30.
- She discusses telebehavioral health services will continue to be covered, but medical telehealth services will revert to pre-COVID rules unless extended.

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- Kathy and Martie note CMS has made permanent coverage for telebehavioral health services and expanded the scope of RHCs and FQHCs to include telebehavioral services.
- Kathy explains the 2026 Medicare Physician Fee Schedule includes streamlined review processes for new telehealth services and the removal of frequency limitations for certain services.

Impact of Government Shutdown and Enhanced Premium Tax Credits

- Kathy Reep highlights the potential impact of a government shutdown on Medicare telehealth coverage and enhanced premium tax credits.
- She explains that the enrollment decline in the exchange could impact uncompensated care payments and provider volume.
- Kathy notes the status of enhanced premium tax credits is uncertain, with a House-approved bill extending them for three years.
- She states the potential for a government shutdown and its impact on healthcare funding and services is a significant concern.

340B Drug Pricing Program and ODAC Survey

- Kathy Reep discusses the 340B Drug Pricing Program and the ongoing litigation related to the rebate program.
- She details how the ODAC survey requires hospitals to report acquisition costs for drugs acquired under the Outpatient Prospective Payment System.
- Kathy announced that the survey portal is open, and hospitals must report acquisition costs for the period from July 2024 to June 2025.
- She states CMS may consider non-responses in future rate reductions, and hospitals should evaluate the compliance and legal implications of the survey.

Price Transparency and Machine-Readable Files

- Kathy Reep explains the changes to the machine-readable file requirements, effective January 1, with enforcement delayed until April 1.
- She explains that hospitals must report payment rates, standard charges, and the name of the CEO or senior official responsible for the information.
- Kathy details how the proposed rule on transparency in coverage aims to make pricing information more accurate and standardized.
- She highlights that the rule includes changes to reporting requirements for out-of-network pricing and the organization of data by provider network.

Alternative Payment Models and Medicare Advantage

- Martie Ross discusses the restructuring of CMS's strategic vision for alternative payment models, including the Access model and the Lead model.
- Martie explains that the ACCESS model focuses on outcome-aligned payments for Part B providers and coordination services for primary care providers.
- She notes the LEAD model replaces ACO Reach, with enhancements to benchmarking and episode-based risk arrangements.

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- Kathy Reep highlights the proposed changes to Medicare Advantage Star measures, focusing on outcomes and removing process-heavy measures.

Online Complaint Tool Introduction

- Kathy Reep introduces the new online complaint tool that captures basic information about the complainant, beneficiary, provider, and plan.
- She explains CMS will review and triage the complaints, placing them in a queue for further action.
- Kathy provides a link to the complaint form on the slide for attendees to access.

Conclusion and Next Steps

- Martie and Kathy conclude the webinar, summarizing the key points and noting there will be another Let's Get Rural webinar later in the year.
- PYA Moderator provides contact information for further questions and mentions that slides and recordings of the webinar are available at pyapc.com.

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