

MEMORANDUM

TO: TJPDC Commissioners
FROM: David Blount, Deputy Director, and Christine Jacobs, Executive Director
DATE: July 30, 2026
RE: Rural Health Transformation Program (RHTP)

Purpose: To provide an overview of discussions between state officials and PDCs concerning the Rural Health Transformation Program.

Background and Information: The Rural Health Transformation Program (RHTP) was authorized by H.R. 1 (Section 71401 of Public Law 119-21 enacted July, 2025) to empower states to strengthen rural communities by improving healthcare access, quality, and outcomes by transforming the healthcare delivery ecosystem. Through the program, Virginia received first year funding of \$189.5 million, which is being administered by the Virginia Department of Medical Assistance Services (DMAS). The state's implementation plan is centered around four initiatives, one of which is called "Connected to Care, Closer to Home," which includes \$63.9 million set aside for mobile and hybrid care subgrants. It is this "bucket" of funding that likely will involve PDCs.

The Director of the Rural Health Transformation initiative in Virginia reached out to PDCs and has been meeting regularly with them for the past six weeks. The state is looking for PDCs to be implementation partners who manage and administer program subgrants, which would be for the likes of telehealth expansion and community-based access projects in rural areas of the state. There was a strong interest in funding from this bucket during the initial state application process for the federal dollars last fall.

It is anticipated that about 10 PDCs could be engaged to provide management and administration of these subgrants. PDCs would be in line to run a selection process to award grant funds to community health care providers; request grant funds from DMAS and distribute them; monitor the projects; and submit regular reports to DMAS. Total administrative costs available for the work cannot exceed 10% of the total award for the entire program. The first performance period would extend to September 2027.

In order to meet a recently accelerated deadline, the state has been working with one PDC to get under contract so it can show adequate progress toward a key implementation benchmark. Assuming that happens, we expect continuing discussions over the coming weeks to devise a strategy and structure to include the rest of the PDCs that are interested in assisting with implementation.

